

# DAILY REPORT

FBI

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*China*

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FOREIGN MINISTRY SAYS ZHAO ZIYANG TO TOUR EUROPE

OW080742 Beijing XINHUA in English 0731 GMT 8 May 85

["Chinese Premier To Visit Britain, Federal Germany, the Netherlands" -- XINHUA headline]

[Text] Beijing, May 8 (XINHUA) -- Chinese Premier Zhao Ziyang will pay official visits to Britain, the Federal Republic of Germany and the Netherlands from June 2 to 19, a spokesman for the Chinese Foreign Ministry announced here today.

The spokesman said at a weekly press briefing here this afternoon that the Chinese premier would be guest of British Prime Minister Margaret Thatcher, Chancellor Helmut Kohl of the Federal Republic of Germany and Prime Minister Ruud Lubbers of the Netherlands.

FURTHER ON INTERNATIONAL BANKING SYMPOSIUM

Gan Ziyu on 5-Year Plan

OW071319 Beijing XINHUA in English 1250 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- China will further readjust the structures of industries and products according to social demand during the Seventh Five-Year Development Plan period (1986-1990).

Gan Ziyu, vice-minister in charge of the State Planning Commission, made the remarks at an international symposium in Beijing attended by more than 500 Chinese and foreign bankers, entrepreneurs and statesmen. He said that the Seventh Five-Year Plan was now in the preparation stage.

With the development of the national economy and the increasing income of urban and rural residents, he said, the Chinese people will gradually tend to seek out more varieties and higher-class commodities. Therefore, the government will take proper measures to intensify the development of household electrical appliances, textiles, garments, furniture and new building materials. At the same time, the country will also turn out more motor vehicles, motorcycles and other means of transport so as to facilitate the marketing of farm products and the development of urban and rural transport. The government will boost the production of food, including aquatic products, animal husbandry and forestry.

He said the present excellent situation of the country's economic development will continue, and this will ensure a stable economic growth and further improvement of the people's livelihood in the next five years.

During the 1986-1990 period, China will give priority to transport projects and energy development to produce more electricity, coal, crude oil and natural gas. In addition to accelerating railway construction, increased attention will also be paid to the development of highways, port facilities, inland-river shipping and civil aviation.

The vice-minister said, China would continuously undertake technical transformation of the existing enterprises. Some enterprises will introduce advanced technology from abroad and some will adopt intermediate technology suitable for their stage of development. Domestic scientific research achievements will be applied at the same time as importing foreign advanced technology.

He said, China will exert its utmost efforts to develop education, science and technology. In the coming five years, the country will expand the enrolment of university and college students, set up more secondary vocational schools of various types and intensify workers' on the job training.

#### Wei Yumin on Investment Needs

OW071313 Beijing XINHUA in English 1240 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- A leading Chinese trade official told a group of foreign visitors here today that China has no intention to use technology transferred by other countries to compete with them on the international market.

Wei Yumin, vice-minister of foreign economic relations and trade, said that China's technological development will, first of all, serve its vast domestic market and satisfy the people's needs.

What China is acquiring from abroad is technology now being extensively applied in the developed countries which are making rapid advances, Wei said.

He indicated that China will not pose any threat to these countries by importing technology from them.

On the contrary, he continued, "There is sharp competition in technological exports to China. Those who follow an open policy will become the winners."

Wei expressed the conviction that entrepreneurs who can make progress amid severe competition will push forward their own technical progress at the same time.

He was speaking to more than 400 leading international bankers at the international conference named "China Faces the Future," in Beijing.

He said there is a great demand in China for foreign funds. But in view of the country's current level of management and repayment ability, he said, China is seeking medium- and long-term loans at low interest rates from foreign governments and international monetary institutions. It is also seeking an appropriate portion of export credits and commercial bank loans.

In order to facilitate the import of advanced technology and management expertise, China wishes to absorb more direct investment, Wei said.

He continued that China is prepared to introduce from abroad a great volume of advanced know-how concerning special technology and machinery manufacturing techniques under patent or technical license. Besides, cooperative production, business consultancy and technical services are also welcome.

Wei said that, over the past six years since the adoption of the open policy, China has absorbed from abroad various types of funds amounting to 17.2 billion U.S. dollars, among which four billion dollars was in the form of direct investment.

The rest was used to set up some 900 joint ventures, 2,000 cooperative enterprises, 31 joint development enterprises, 74 enterprises with sole foreign ownership and 1,200 compensation trade projects.



## Gu Ming on Legislation

OW071333 Beijing XINHUA in English 1309 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- China plans to formulate 10 to 20 economic laws and regulations this year to ensure the smooth progress of its economic reform and policy of opening to the outside world, a senior legal expert said here today.

Some foreign legal experts would be invited as advisors so as to draw on the legislative experience of other countries, said Gu Ming, leading member of the State Council's Economic Legislation Research Center.

He was speaking to over 400 foreign bankers and entrepreneurs now attending an international conference titled "China Faces the Future".

Laws and regulations governing foreign businesses are being discussed and revised by his research center in cooperation with other departments, Gu said.

They include laws on co-management enterprises, the customs, tourism, foreign trade and maritime and regulations for foreign enterprises and Chinese investment abroad.

Since 1979, over 200 economic laws and regulations have been issued, of which 20 economic laws covering contracts, patents, environmental protection and forestry were approved by the National People's Congress or its Standing Committee.

The rest were regulations concerning the improvement of industrial management and service trades promulgated by the State Council.

On April 1, this year, when the first patent law of New China became officially effective, Gu said, about 2,500 applications were turned in, of which 935 came from a dozen foreign countries and regions.

In order to absorb foreign funds, import advanced technology and develop economic and technical cooperation with other countries, Gu said, China has promulgated more than 50 laws and regulations in the past few years.

In addition, he added, a number of regulations or local rules were made by various ministries and Guangdong and Fujian Provinces and the special economic zones there, which are pioneers in opening to the outside world.

While economic legislation is being strengthened, people's courts at different levels have set up economic divisions. The process of establishing and perfecting economic procuratorial organs is also under way.

Gu said that China's achievement in economic legislation has attracted worldwide attention and helped boost the confidence and courage of overseas investors.

He quoted some foreign business people as saying, "China's success in economic reforms and the improvement of its legal system would produce a new upsurge of foreign investment in the country."

COMPARISON OF HAN XU INTERVIEW IN SHIJIE ZHISHI

Beijing SHIJIE ZHISHI in Chinese No 8, published on 16 April, carries an article titled: "New PRC Ambassador to the United States Comrade Han Xu on Sino-U.S. Relations." The SHIJIE ZHISHI version has been compared with the Beijing Domestic Mandarin version, published on pages B 1 & B 2 of the 23 April China DAILY REPORT, and found to be identical except for the following differences:

Graf one. reads: [Text] [Editor's note] Recently, reporters of this magazine had an interview with our country's new ambassador to the United States, Comrade Han Xu, and asked him to talk about Sino-U.S. relations. Comrade Han Xu was once director of the Protocol Department, deputy director of the Liaison Office in the United States, director of the American and Oceanian Affairs Department, and vice minister of the Foreign Ministry of our country. The following is the full text of his talk. [end editor's note] China and the...(adding editor's note)

Graf two, line three reads: ...of Sino-U.S. relations. At present, in addition to the establishment of embassies in each other's capitals, China has established consulates general in New York, San Francisco, and Houston, and the United States has established consulates general in Shanghai, Guangzhou, and Shenyang. In the near future, consulates general will also be established in Chicago and Chengdu respectively by the two sides. Since the establishment...(adding sentences, changing paragraphing)

Graf three, line five" ...are very many contacts between China and...(changing "contracts" to "contacts")

Graf four, line eight: ...to go through the "Coordinating Committee on Export Controls" and be submitted...(adding name of organization)

Same graf, lines 9 to 10 read: ...determining specific items. The Sino-U.S. nuclear energy cooperation agreement was initialed long ago, but, to date, it has not yet been submitted to the U.S. Congress for examination and approval. Talks on the Sino-U.S. investment protection agreement have been going on for more than 2 years, but no agreement has yet been reached. The Sino-U.S. sea transportation agreement has expired but, to date, no new agreement has been signed. Problems in implementing the Sino-U.S. aviation agreement still exist. I hope both...(adding sentences)

Last graf, line nine: ...Sino-U.S. relations. When I was working in the United States from 1973 to 1978, I had the opportunity to visit quite a few U.S. cities and rural areas and made friends with many Americans. The fertile and beautiful America and its warm and hospitable people have made a deep impression on me. I hope that the American people will live an even better life. I hope the...(adding sentences)

ZHAO ZIYANG TALKS WITH U.S. ASIA EXPERT

OWO71731 Beijing XINHUA in English 1548 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- Chinese Premier Zhao Ziyang met with Professor Robert A. Scalapino, a U.S. expert on East Asian studies, and his wife here this afternoon.

Zhao had a friendly talk on Sino-American relations and other issues of common interest with Scalapino, also director of the Institute of East Asian Studies of the University of California at Berkeley.

Present were Education Minister He Dongchang and Beijing University President Ding Shisun.

Scalapino arrived here on April 2 to lecture and visit China at the invitation of Beijing University.

LI PENG, FAA HEAD DISCUSS CIVIL AVIATION

OW071345 Beijing XINHUA in English 1323 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- Vice-Premier Li Peng said today China hopes to strengthen and expand its cooperation with the United States in civil aviation. He said this at a meeting with Donald D. Engen, head of the U.S. Federal Aviation Administration. They exchanged views on air traffic control in the two countries and other issues of common interest.

Li Peng said he expects a substantial growth of China's civil aviation business as a result of reforming CAAC's existing system by separating its government functions from business management.

Engen replied that the United States would make further efforts to increase cooperation with China in this industry.

Present at the meeting were Hu Yizhou, director general of the Civil Aviation Administration of China, Arthur W. Hummel, U.S. ambassador to China, and other officials.

The eight-member delegation of the U.S. Federal Aviation Administration led by Engen arrived in Beijing on May 5 for discussions with CAAC about further cooperation.

DEATH OF AGNES SMEDLEY REMEMBERED IN BEIJING

OW061650 Beijing XINHUA in English 1640 GMT 6 May 85

[Text] Beijing, May 6 (XINHUA) -- The 35th anniversary of the death of Agnes Smedley, an American writer and friend of China, was marked at the Babaoshan Cemetery for Revolutionaries here today.

Placed on Smedley's tomb were wreaths presented by Deng Yingchao, Huang Hua, Wang Bingnan, the Smedley-Strong-Snow Society of China and the Chinese People's Association for Friendship With Foreign Countries.

Speaking at the ceremony, Israel Epstein, editor-in-chief of the journal, CHINA RECONSTRUCTS, praised Smedley as one of the forerunners in promoting friendship and extensive cooperation among peoples of various countries. He said that Smedley's works and her outstanding achievements will be handed down from generation to generation in China in spite of the fact that she did not live to see the New China.

Among those attending the ceremony were Ruth Weiss, a friend of Smedley, and representatives from various walks of life.

Agnes Smedley died on May 6, 1950, and her ashes were interred in China according to her will. Her tombstone inscription was written by the late Commander-in-Chief Zhu De.

COMPUTERLAND OPENS INSTITUTE IN BEIJING

OW031120 Beijing XINHUA in English 1030 GMT 3 May 85

[Text] Beijing, May 3 (XINHUA) -- The Beijing Computerland Institute, funded by the United States corporation, Computerland, held an opening ceremony here, Thursday.

The training center for young computer enthusiasts is housing in Beijing's No 96 middle school at Chongwenmen and has 60 computers furnished by Computerland. Two computer scientists from the U.S. will visit the institute to advise from time to time and specialists from universities in Beijing will also act as advisors.



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The institute has six honorary presidents including mathematician Hua Luogeng and Computerland's chairman of the board, W.H. Millard.

Liu Zunquan, research associate of applied mathematics at the Chinese Academy of Sciences is president of the new institute.

The institute's first 600 students were chosen from the 400 computer clubs now flourishing in Beijing. They are all primary and middle school students and will take courses at the institute in their spare time free of charge. The 100 best students will be offered advanced training. Upon graduation, some will be sent to college or university for further study. All will receive programmer certificates.

Ren Xiang, an honorary president, said the institute will help train computer specialists for China. He said the 400 computer clubs in Beijing had about 20,000 members and 1,300 computers.

Among those attending the opening ceremony were Computerland's Chairman W.H. Millard and U.S. ambassador to China, Arthur W. Hummel.

#### FUJIAN, OREGON FIRM START COMPUTER VENTURE

OW062339 Fuzhou FUJIAN RIBAO in Chinese 22 Apr 85 p 1

[Text] Recently, a contract was signed in Fuzhou for the IMI Company of the United States to supply our province with equipment for a computer floppy disc production line to be installed and put into operation at the Fujian Computer Corporation.

The floppy disc is a major piece of peripheral equipment for computers. It is used for storing large amounts of information and programs. The above-mentioned production line, which will turn out 230 sets of Model 500H 5-1/4 full width floppy discs daily, is one of the economic cooperation projects between our province and Oregon in the United States. At the end of last year, Governor Hu Ping led a delegation on a visit to Oregon, and signed a document showing the intention to cooperate with that state.

In January this year, Xiao Jian, chairman of the provincial Economic Commission, led five engineers and technicians on an inspection tour of the United States, and initialed the contract with the IMI Company. In February, that company sent a seven-member group to Fuzhou for business negotiations, and at that time the contract was formally signed. Now, both sides are doing their best to carry out the term of the contract, trying to have the equipment for the production line imported into the province as soon as possible, so that it will become operational at an early date.



FURTHER ON HU YAOBANG, KIM IL-SONG BANQUET SPEECHES

OW080625 Beijing Domestic Service in Mandarin 1200 GMT 7 May 85

[Report by station reporter (Liu Zhengmin): "General Secretary Hu Yaobang of the CPC Central Committee Pays Unofficial Visit to Korea" -- passages of Kim Il-song speech within quotation marks recorded in Korean fading into Mandarin translation; passages of Hu Yaobang speech read by announcer except where indicated]

[Excerpts] On the evening of 4 May, General Secretary Kim Il-song gave a banquet at the Sinuiju Guesthouse to warmly welcome Hu Yaobang and his party. Placed on a table at the banquet, which was held in the style of a family reunion, was a big, unique cake on which there was a bridge of friendship built with designs symbolizing Chinese and Korean flags.

At the banquet, Kim Il-song said: "It is our firm determination and our party's policy to consolidate and strengthen the traditional Korean-Chinese friendship with a long history from generation to generation. The Korean people will always be the Chinese people's true friends under all circumstances."

Kim Il-song said: "Under the banner of Marxism-Leninism and proletarian internationalism, our two parties and the people of our two countries are closely united to advance shoulder to shoulder along the road of socialism and communism, and no force can stop us from doing so."

[Begin Hu Yaobang recording] Respected Comrade Kim Il-song, dear Comrade Kim Chong-il, dear Comrade O Chin-u, dear.... [end recording]

In his speech at the banquet, Hu Yaobang said: The CPC and the Chinese Government and people resolutely support Korea's great cause of striving to relax the tense situation on the Korean peninsula and to realize the independent and peaceful reunification of Korea.

Hu Yaobang said: [Begin recording] I deeply feel that it is indeed important or significant for the principal leading comrades of our two parties to often exchange visits as we have been doing. This vividly shows how our two parties and countries and their people share weal and woe and the intimate terms we are on with each other. This makes me believe ever more firmly that no force can undermine the great Sino-Korean friendship in which the two countries remain as close as lips and teeth and have stood together, are standing together, and will stand together through thick and thin under all circumstances. [end recording]

Comparison

Beijing XINHUA Domestic Service in Chinese at 0313 GMT on 7 May reports the visit by General Secretary of the CPC Central Committee Hu Yaobang to the DPRK, including the banquet speeches of Hu Yaobang and Kim Il-song, general secretary of the Central Committee of the Workers Party of Korea. The XINHUA Chinese version, entitled "Hu Yaobang Pays 'Unofficial' Visit to DPRK," has been compared with the XINHUA English version published in the 7 May Northeast Asia section of the China DAILY REPORT, page D1, revealing the following variation:

Page D2, paragraph two, line two reads in XINHUA Chinese version: Kim Il-song and Hu Yaobang made ebullient speeches at the banquet, wishing that the Sino-Korean militant friendship, cemented by the people of the two countries with blood, would develop with each passing day. (changing wording)

HU YAOBANG ON DPRK TRIP TO JAPANESE AMITY GROUP

OW071554 Beijing XINHUA in English 1540 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- China, says Hu Yaobang, fully agrees with the proposal of the Democratic People's Republic of Korea (DPRK) for independent and peaceful reunification of Korea, and hopes countries concerned will take a positive attitude towards easing the situation in the Korean peninsula.

The general secretary of the Chinese Communist Party (CPC) Central Committee said this during a meeting with leading members of the Japanese delegation "the ship of Asian peace," in the Great Hall of the People here this afternoon. He said that he had returned this morning from a 48-hour visit to the Democratic People's Republic of Korea.

"I spoke and agreed," he continued, "with President Kim Il-song on a wide range of issues. The president repeatedly expounded his country's sincere desire to ease the Korean peninsula situation and proceed to achieve an independent and peaceful reunification of his country."

They would, he said, continue their efforts to multiply constructive measures for that purpose. "In my view," Hu said, "their measures and efforts are reasonable and feasible."

Tokuma Utsunomiya, president of the Japan-China Friendship Association and a leader of the delegation, said they would be pleased to see the Korean peninsula situation eased, an important matter also for Japan and China. "So we should work hard for it," he added.

Hu Yaobang described the activities of "the ship of Asian peace" as of great significance: "You have," he said, "visited the Soviet Union, Korea and China, which, together with Japan itself, constitute a third of the world's population. If this third does not fight, a third of the peace problem is solved. By extension, there is hope for world peace."

After the meeting Hu Yaobang was photographed with 300 delegation members. Present were Wang Zhen, member of the Political Bureau of the CPC Central Committee and honorary president of the China-Japan Friendship Association; Xia Yan, president of the China-Japan Friendship Association; and leading members of other organizations.

YU QIULI, OTHERS AT KPA ENSEMBLE'S PREMIERE

OW032012 Beijing XINHUA in English 1857 GMT 3 May 85

[Text] Beijing, May 3 (XINHUA) -- The visiting Korean People's Army [KPA] ensemble gave its premiere here this evening. The Korean and Chinese songs and dances presented by the Korean artists won warm applause.

Among those attending the performance were Yang Shangkun, vice-chairman of the Military Commission of the Central Committee of the Chinese Communist Party; Yang Dezhi, chief of the General Staff of the Chinese People's Liberation Army; Yu Qiuli, director of the General Political Department of the P.L.A.; Hong Xuezhi, deputy secretary-general of the Military Commission of the C.P.C. Central Committee and director of the P.L.A. General Logistics Department.

Yang Shangkun, Yang Dezhi and Yu Qiuli, who are also members of the Political Bureau of the CPC Central Committee, and Hong Xuezhi met with the heads and leading artists of the ensemble before the performance. Yang Shangkun spoke highly of the Sino-Korean friendship and welcomed the ensemble to visit China.

Head of the ensemble Han Chang-su said that the Korean people would make every effort to develop such friendship. At the end of the performance, Yang and other leaders mounted the stage to congratulate the Korean artists and presented a flower basket to them.

DPRK PRESS ASKS SOUTH TO ACCEPT 'PEACE' PROPOSAL

OW051027 Beijing XINHUA in English 0848 GMT 5 May 85

[Text] Pyongyang, May 5 (XINHUA) -- South Korea's attacks on the recent proposal put forward by the Democratic People's Republic of Korea for parliamentary talks and a series of South Korean military maneuvers have cast a shadow over the forthcoming North-South talks, the local press commented recently. Korean newspapers in the past few days, criticized South Korea for being unwilling to respond favorably to the DPRK's April 9 proposal for North-South parliamentary talks and for staging successive military exercises directed against the northern side. These "provocative" actions show that South Korea has no sincerity for better North-South relations and that the South Korea's purported hope for dialogue with the North is nothing but a lie, the newspapers said.

People believe that the forthcoming North-South economic talks and the talks between the Red Cross Societies of the two sides scheduled for this month will play an active role in easing tension on the Korean peninsula. But what South Korea did recently could only arouse people's concern about the future of the talks, added the newspapers. The newspapers also urged South Korean authorities to stop immediately its propaganda campaign and wargames against the North and seriously consider the DPRK's peace-oriented proposal.

Talks Win Support

OW080750 Beijing XINHUA in English 0738 GMT 8 May 85

["Round-up: Proposal for Korean Talks Wins Support" -- XINHUA headline]

[Text] Pyongyang, May 8 (XINHUA) -- The proposal for North-South assembly talks put forward on April 9 by the Democratic People's Republic of Korea (DPRK) has received international attention, as well as endorsements from several countries. The proposal was picked up promptly by major wire services, newspapers and radio stations. Accounts in the Japanese press were particularly detailed and extensive.

Last year, the Korean peninsula began to see a relaxation in the prolonged tension between the North and the South. The two sides conducted the first changehands of relief goods and held their first economic talks in the year. They also reached agreements at their Red Cross Associations' talks and restored direct telephone lines.

Although there have been a few setbacks, the tendency on the peninsula is towards rapprochement. The proposal for parliamentary talks -- which seek to establish reconciliation and trust between North and South -- represents a positive step towards a further relaxation of tension. Up to now, about ten countries, including China, Yugoslavia, Egypt and the Soviet Union, have voiced official support for the proposal. While reporting world reaction, newspapers here noted that effective backing from neighboring Japan, especially from certain Japanese political leaders.

The South Korean parliament, whose meeting was postponed for internal reasons, has failed to respond officially to the proposal. However, the South Korean side has said the proposal will be "considered seriously" and a "sincere" reply will be given.



S. KOREAN STUDENT DEMONSTRATORS CLASH WITH POLICE

OW070927 Beijing XINHUA in English 0805 GMT 7 May 85

[Text] Pyongyang, May 7 (XINHUA) -- College students in Seoul clashed with police Monday when they took to the streets in an anti-government demonstration on the eve of the fifth anniversary of the Kwangju uprising. The KOREAN CENTRAL NEWS AGENCY (KCNA) reported today that 1,500 students of the Korea University Monday held an anti-government demonstration on the campus, demanding the rule of democracy and the resignation of the present government.

The demonstrators clashed with 500 policemen who were blocking the entrance of the university (?in) an attempt to prevent the students from taking to the streets. The melee lasted for more than three hours. Anti-government rallies and demonstrations were reported at Tanguk College, Seoul University and Yunse University. Students demanded the authorities investigate and bring the criminals responsible for the Kwangju massacre to justice.

WANG ZHEN MEETS JAPANESE ECONOMIC STUDY GROUP

OW032008 Beijing XINHUA in English 1854 GMT 3 May 85

[Text] Beijing, May 3 (XINHUA) -- Wang Zhen, honorary president of the China-Japan Friendship Association, met here today with a Japanese delegation on a study tour of China's special economic zones. The delegation consisting of over 30 industrialists is headed by Takeshi Noda, member of the House of Representatives and chairman of the Council of the Japan-China Association.

Wang, who is also member of the Political Bureau of the Chinese Communist Party Central Committee, welcomed people from Japanese industrial circles to visit China's special economic zones and coastal cities opening to the outside and run business there. After the meeting, Wang gave a dinner in honor of the delegation which arrived here this afternoon.

LI PENG MEETS JAPANESE UNIVERSITY PRESIDENTS

OW021650 Beijing XINHUA in English 1506 GMT 2 May 85

[Text] Beijing, May 2 (XINHUA) -- Chinese Vice-Premier Li Peng today hoped presidents of Chinese and Japanese universities to increase their contacts and promote mutual understanding, friendship and cooperation.

He said this at a meeting with heads of 11 Japanese universities led by Jadao Ishikawa, president of the Keio University, here this afternoon. The Japanese are here attending the first meeting between Chinese and Japanese university presidents, which is now in session. The meeting is held in accordance with a summary of talks between Chinese Minister of Education He Dongchang and Japanese former Minister of Education Yoshiro Mori last year in Beijing.

Li Peng said that "we support the university presidents of both countries to hold such meetings regularly so as to exchange experience, discuss problems and promote bilateral cooperation."

Presidents of 12 Chinese universities headed by Ding Shisun, president of Beijing University, discussed at the meeting with their Japanese counterparts about social progress and the role and problems of higher education at the time of scientific and technological development.



LI XIANNIAN, BURMA'S NE WIN HOLD TALKS

OW080852 Beijing XINHUA in English 0846 GMT 8 May 85

["Chinese President Meets U Ne Win" -- XINHUA headline]

[Text] Beijing, May 8 (XINHUA) -- President Li Xiannian met here today with U Ne Win, chairman of the Burmese Socialist Program Party and his retinue.

The two leaders have met several times, the most recent meeting being just two months ago when the Chinese president was welcomed to Burma by Chairman Ne Win.

At today's meeting, U Ne Win told President Li that Burma was now exporting grain as all domestic needs were being met.

President Li Xiannian spoke highly of the Burmese people's achievements in industrial and agricultural production and asked to be remembered to Burmese President U San Yu.

[Beijing International Service in Burmese at 1130 GMT on 8 May in a similar item adds the following: Present at the meeting on the Burmese side were Dr Maung Maung, State Council member; General Thura Kyaw Htin, deputy prime minister, defense minister, and chief of staff; U Lay Maung, member of the Council of People's Attorneys; U Than Hlaing, secretary of the party; and U Hla Shwe, Burmese ambassador to China. On the Chinese side were Liu Shuqing, vice foreign minister; and Huang Mingda, Chinese ambassador to Burma."]

BO YIBO MEETS MALAYSIAN WORLD TRADE OFFICIAL

OW071351 Beijing XINHUA in English 1325 GMT 7 May 85

[Text] Beijing, May 7 (XINHUA) -- Senior Chinese official Bo Yibo met Kuok Hock Nien, chairman of the Kuok group of companies of Malaysia, and his wife here this afternoon. Zheng Tuobin, minister of foreign economic relations and trade, was present at the meeting. Kuok is here to attend the third meeting of the board of the China World Trade Center, of which he is a vice-chairman.

RENMIN RIBAO ON NGUYEN CO THACH'S STERN INTERVIEW

HK060331 Beijing RENMIN RIBAO in Chinese 4 May 85 p 6

["Jottings" by Chen Feng: "If They Are Not Beggars, They are Frauds"]

[Text] The Federal German pictorial, STERN, recently published an interview with Vietnamese Foreign Minister Nguyen Co Thach titled "We Are Not Beggars," by which he means simply that he is not a beggar.

To be fair, although Nguyen Co Thach could not be regarded as using a strong pleading tone when he said in that interview that "we urgently need help," it was nevertheless filled with lies, and the clumsiness of these lies was quite startling.

It was obvious that the Vietnamese troops invading Cambodia had openly intruded into Thai territory and that the Thai Government had shot dead Vietnamese soldiers in Thai territory, but when the STERN reporter asked: "Where do you earn the right to pursue the rebels (referring to the Cambodian anti-Vietnamese fighters) into Thai territory?," Nguyen Co Thach had the effrontery to answer: "We have never crossed the Thai border...."

There is no harm in quoting a few more paragraphs for your appreciation.

The reporter again asked: "Do you also wish to say that you have not shelled the Cambodian refugee camps in Thai territory?"

Thach replied: "We have warned the refugees not to let the rebels indiscriminately use these camps as cover."

The reporter asked: "Can this show that the shelling is correct?"

Thach replied: "If there should have been such shelling, it was due to inadvertence."

Without the use of any explanatory notes, Thach's remarks have unmistakably depicted him as a liar.

However, when the reporter asked whether Vietnam needs the help of the Federal Republic now that its economy is in a disastrous situation, Nguyen Co Thach uttered the truth when he said: "Yes, we urgently need help." However, he immediately put on a show of restraint by adding: "We are not beggars." People can say that Vietnam has also lied on this count. If the Vietnamese authorities are not beggars, they are frauds.

#### AUSTRALIA CANCELS MILITARY EXERCISE WITH U.S.

OW071757 Beijing XINHUA in English 1621 GMT 7 May 85

[Text] Canberra, May 7 (XINHUA) -- Australian Defense Minister Kim Beezly today announced the formal cancellation of Kangaroo-85, a joint military maneuver with the United States and New Zealand. The Kangaroo is a major biannual series of military exercises staged by the three countries, which have been linked in the ANZUS defense alliance since 1951.

Serious disputes erupted in the ANZUS alliance in February when the newly-elected New Zealand Government barred U.S. warships from its ports unless the vessels are proved nuclear-free. Since the demand was rejected by Washington, the suspension of the joint maneuver has been expected.

However, the Australian defense minister simultaneously announced that his country would hold separate bilateral exercises with the United States and New Zealand. He said the primary U.S. involvement planned for Kangaroo-85 would become the basis for exercise Coral Sea by Australian and U.S. maritime, air and land forces, which will take place off the east coast of Australia in October.

This will be followed by Tasman Warrior -- an exercise involving mainly land and air forces from Australia and New Zealand and to be held in the Shoalwater Bay training area near Rockhampton in Queensland.

XINHUA VIEWS U.S. 'HEGEMONY' TOWARD NICARAGUA

OW061520 Beijing XINHUA in English 1444 GMT 6 May 85

["Roundup: Fresh U.S. Bid To Bring Nicaragua Under Control" -- XINHUA headline]

[Text] Managua, May 6 (XINHUA) -- The U.S. imposition of a total trade embargo against Nicaragua represents a new bid to bring this tiny Central American country under U.S. control.

The move, announced on May 1 and effective beginning May 7, includes a total embargo on trade with Nicaragua, suspension of airline flights between the two countries and termination of the U.S.-Nicaragua friendship treaty signed in 1958 as well as commerce and navigation agreements.

Furthermore, the U.S. Administration also threatens to expand the trade embargo to a possible freeze on Nicaragua's bank deposits and assets in the United States coupled with closing of Nicaraguan commercial bodies in the United States and prohibition of U.S. citizens' visits to the country.

The U.S. trade embargo, however, has not taken the world by surprise. President Ronald Reagan has in fact carried on a trade embargo against Nicaragua ever since he came to office in 1981.

Now as the date for the start of the embargo draws near, people here are wondering how seriously it will affect the tiny Central American country's economy.

In view of Nicaragua's foreign trade structure, the embargo will do severe harm to the country's agricultural exports since the United States is the biggest consumer of the country's coffee, bananas, beef and fresh seafood. As a result, the country has to look for other places to sell those products, possibly at much lower prices than in the United States.

The trade embargo will further hurt Nicaragua, where it relies heavily on imports for the United States.

The damage could go far beyond this. As the United States has threatened to freeze Nicaragua's bank deposits of more than 100 million dollars, the country, with an overdue foreign debt that will reach 1.3 billion dollars by the end of this year, will be put under a greater challenge in promoting economic development and servicing its heavy foreign debt.

Apparently, the U.S. announcement of the embargo at such a moment is not aimed at merely creating more difficulties for Nicaragua's economic development. What in fact has motivated the Reagan administration is its aim to bring the small Central American country politically in line with the United States.

The U.S. State Department said in a note to the Nicaraguan Government on May 1, that if the latter can take some "specific measures," the United States may lift the embargo and peace in Central America could be realized.

However, what the United States demanded was Nicaragua's closing of ties with Cuba and the Soviet Union, a stop to its support for insurgents in neighboring countries, reduction of its military arms and realization of political pluralism in the country. It has even threatened that if Nicaragua does not meet the U.S. demand, it will "remove" the Sandinista government.



There is no wonder that the U.S. hegemony has met strong opposition from the Nicaraguan Government. Nicaragua leaders have said that they would die rather than surrender.

The U.S. move also aroused great indignation both at home and abroad. Even some U.S. political figures have expressed their doubt whether the embargo will really bring the United States what it wants. They point to the U.S. failure in a trade embargo against Cuba some 25 years ago and said the United States would similarly fail again in its attempt to bring Nicaragua to its knees.

In light of the unyielding attitude of Nicaragua, observers say that the possibilities cannot be ruled out for the United States to break diplomatic relations with Nicaragua, to support the country's insurgents to set up a "government in exile and even to resort to force. The precise effect of the trade embargo remains to be seen.

#### Spain, Portugal Oppose Embargo

OW041942 Beijing XINHUA in English 1851 GMT 4 May 85

[Text] Madrid, May 3 (XINHUA) -- Spanish Foreign Minister Fernando Moran said today that his government was dissatisfied with the economic sanctions taken by the United States against Nicaragua.

In his meeting with ambassadors of the United States and Nicaragua in Spain, the foreign minister told them that the Spanish Government was prepared to make efforts to help restore the U.S.-Nicaraguan dialogue that was suspended in January.

In a statement issued yesterday, the Spanish Government expressed its concern over the deterioration of relations between the U.S. and Nicaragua after the U.S. Economic sanctions.

The statement said that the government fears that the sanctions will pose an insurmountable obstacle for the Contadora Group comprising Colombia, Mexico, Panama and Venezuela and five Central American countries in their efforts for seeking peaceful settlement of problems in the region.

The Spanish Government announced that it will maintain economic relations with all Central American countries on the basis of non-discrimination.

It said the government will strengthen its contracts with the Contadora Group and wants to make a contribution to the easing of the tense situation and the restoration of the suspended bilateral dialogue between the United States and Nicaragua.

According to a report from Lisbon, a spokesman for the Portuguese Foreign Ministry said today that the U.S. economic sanctions against Nicaragua would not change Portugal's trade relations with Nicaragua.

He said the Portuguese Government hopes Washington and Managua solve their problems through negotiations. He added that his government will continue to support the efforts taken by the Contadora Group for the realization of peace in Central America.



RENMIN RIBAO ON FOREIGN EXCHANGE USE, INCREASE

HK060445 Beijing RENMIN RIBAO in Chinese 3 May 85 p 1

[Commentator's article: "It Takes a Lot of Learning To Use and Increase Foreign Exchange"]

[Text] In recent years, with the implementation of the open-door policy, we have improved advanced products, facilities, technology, and administrative and management methods from foreign countries. This work has played a certain role in promoting our country's four modernizations program. However, there are some phenomena which merit our attention: While importing these things from foreign countries, what is uppermost in the minds of the leaders of some departments and enterprises is how to get more foreign exchange, and import more technical items and facilities. They fail to consider seriously the problems that merit attention in the process of importing the above-mentioned goods, the way to make use of the imported technology and facilities, and the methods for expanding exports, earning more foreign exchange, and obtaining the best economic results. They only pay attention to imports, but fail to consider the way to digest these imported goods. They pay attention to using foreign exchange alone, but fail to consider the way to earn more foreign exchange. This is a problem that merits our attention in the current economic work.

The No 1 woolen mill in Huzhou City of Zhejiang Province has done well in solving this problem. Not long after importing all its facilities from foreign countries, it succeeded in completing compensatory trade twice, and on two occasions the facilities concerned went into operation the same year they were imported. External debts were paid off the same year they were borrowed. Before importing the facilities, director of the mill Zheng Fusheng carried out a thorough investigation to fully prove the necessity of importing them. He said: "We should try in every possible way to reduce the expenditure of the state," and "we should try hard to do the work well." After importing these facilities and equipment, he encouraged workers to learn and master the techniques and strengthen management in order to integrate the importation of facilities with the export of products on the one hand, and using foreign exchange and earning it on the other. The experience of the mill is worth learning from.

While implementing an open-door policy and importing foreign capital and facilities, we frequently come into contact with "foreign facilities, "foreign" technology and "foreign" methods. Therefore, we must have a clear-headed understanding of these "foreign" things. We must adopt a correct attitude toward them. We should not put an equal-sign between "foreign" things and capitalism. Learning from "foreign" things and importing "foreign" technology and facilities does not mean "worshipping and toadying before foreign countries." Currently, there are only a few people who dissent on this. There is another matter which merits our attention: We should not put an equal-sign between "foreign" things and advanced things either. When we have succeeded in freeing ourselves from one kind of blindness, we should avoid falling into another kind of blindness. Zheng Fusheng said: "The fact that foreign facilities are advanced is relative, but the fact that there are defects in them is absolute." What he said was right. With regard to good foreign things, we should respect them. But we should not make a fetish of them. We should be modest, but should not feel ourselves inferior. We should learn from good foreign things, but should avoid copying them mechanically. Only thus can we truly use these good things to make money and earn foreign exchange.

Our basic national policy is based on independence and self-reliance. At the same time, we should actively implement an open-door policy and import foreign capital and technology.

The conditions of various enterprises are different, and the methods they adopted for importing foreign capital and facilities might also be different. Some enterprises might obtain their results faster, whereas others might be slower in doing so. However, the way to import foreign capital and facilities effectively and run factories well in order to expand exports and earn more foreign exchange is an important aspect and requirement of administration and management. It is also an important factor for developing productive forces and enhancing economic results. Under present conditions where competition among commodities is getting more and more acute, departments concerned and leaders of the enterprises should conscientiously sum up experience, assiduously study relevant knowledge, and increase their management capability for importing foreign capital and facilities. Only thus can they enhance the competitiveness of their commodities.

#### BEIJING RADIO URGES COMBATING NEW 'EVIL WINDS'

OW070217 Beijing Domestic Service in Mandarin 2315 GMT 5 May 85

["Last" in a series of lectures on developing fresh interpersonal relations: "Start With Ourselves in Detesting Evil as Our Enemy: by (Zhang Liquan) -- read by announcer]

[Excerpts] The several new evil winds, which have been stirred up menacingly since the second half of last year, have spread rapidly, like contagious diseases, to all fronts and all localities across the country. Blinded by greed, a small number of people have pursued selfish gains for their small groups or for themselves, at the expense of the state and the people. This is an evil wind, which corrodes the people's minds, corrupts social values, and hinders progress of the four modernizations.

Currently, many party members and cadres are indeed apathetic to evil, and do not detest evil trends. Some mind their own business, in order to keep out of trouble; others turn a blind eye to evil people and deeds; and still others do not distinguish right from wrong; and act in collusion with evil people in doing evil deeds. In view of this, Comrade Chen Yun has earnestly reminded us: We must attach great importance to this problem. We must find out why so many veteran and other party members are unable to resist these evil winds, are so easily swept by them, and go along with them in their evil deeds. What are the causes? In my opinion, we should trace the source of the evil winds, and determine the crux of the problem from our ideology.

Evil people and deeds will not disappear of their own accord. They will harm you if you do not strike them down. We must share our detestation of the evil winds, and persistently struggle against them. Let us work together to build a great wall of detesting evil as the enemy, start with ourselves in forming a large contingent of people against evil, and contribute to the smooth progress of reform.

#### RENMIN RIBAO ON IMPLEMENTATION OF POLICIES

HK070246 Beijing RENMIN RIBAO in Chinese 5 May 85 p 1

["Weekly Forum" by Li Pu: "There Are Also Things We Must Pay Attention to in Speaking the 'Beijing Dialect'"]

[Text] Wuhan Mayor Wu Guanzheng said: "While carrying out reform of the urban economic structure, our comrades engaged in local work must speak the 'Beijing dialect' instead of the 'Wuhan dialect.'"

Using this vivid metaphor, he expounded an important idea: It is necessary to correctly handle the relationship between local and central and between the interests of a sector and overall interests, to seek truth from facts, to properly carry out reforms according to the principles, policies, and plans formulated by the central leadership, and to bring into full play one's own superiority.

What dialect to speak is not a minor issue. Arriving in Guangdong for the first time, a Beijing resident will find himself in an alien area in terms of language. There are mainly four dialects in Guangdong Province -- the Guangzhou dialect, the Hainan dialect, the Chaozhou dialect, and the Kejia dialect. Fujian Province is Guangdong's neighbor, but the Fujian dialect is totally different from the Guangdong dialect. One dialect may be spoken differently by people in different areas and by people on the south or north side of a mountain. If we fail to popularize putonghua then it will lead to a situation in which "someone talks on and on with eloquence, but the listener turns a deaf ear to him." Although putonghua relies on the Beijing dialect as its base, the slang and jargon popular in Beijing's streets should not be popularized. It is obviously wrong to treat all slang and jargon in Beijing as the Beijing dialect. When we say that comrades doing local work should speak the standard "Beijing dialect," it means they must unify all work, the ongoing economic restructuring in particular, following the principles and policies of the central leadership. Because the principles and policies of the central leadership are based on practice and represent the basic interests of the broad masses they can guide all work and suit various situations. All localities must earnestly implement the principles and policies. If some people do what the central leadership prohibits by issuing repeated injunctions, under the pretext of their case being special, they will be acting blindly and could lose their orientation.

However, it is no easy job for people from places other than Beijing to speak an accurate and idiomatic "Beijing dialect." It is unavoidable that people from Sichuan speak the Beijing dialect with a Sichuan accent, whereas people from Zhejiang and Jiangsu speak the Beijing dialect with Jiangsu and Zhejiang accents. The Beijing dialect should be allowed to include local accents. In implementing the principles and policies of the central leadership and carrying out reform of the economic structure, we must proceed from the state's overall interests and from local realities. "Differences are natural among all things." The concrete situations in all localities are not the same. The principles and policies of the central leadership only provide for general orientations and principles, but cannot be so specific as to take into consideration all points and differences. Therefore, we must implement the principles and policies according to local conditions. Otherwise there will be neither attempts to "do new things in a new way," nor explorations to "do special things in a special way." If this is the case, people would not be implementing the principles and policies flexibly within the limits of their power, or could even be treating bold explorations and good trends in reforms as "countermeasures" and thus oppose them.

Someone asked a leading cadre at the grass-roots level: There are so many documents issued by the higher authorities, so how do you implement them in order of importance and urgency? He answered: "I do not keep the documents for more than one day. If I keep the documents for about half a month just because I want to study the documents in order to implement them in line with actual situations, who is responsible?" It seems that there are cadres who can parrot the most standard and idiomatic "Beijing dialect" without the slightest accent but with the most accurate tones. However, this blind implementation of the instructions of the higher authorities, with no regard for local practical conditions, amounts to a slowing of our pace. How can people with such a mental attitude turn the grand blueprint of reform into a splendid reality?



HEBEI RECTIFIES NEW UNHEALTHY PRACTICES

OW290840 Beijing XINHUA Domestic Service in Chinese 0901 GMT 25 Apr 85

[Text] Beijing, 25 Apr (XINHUA) -- Note from the Office of the Central Commission for Guiding Party Rectification: The rectification of new unhealthy practices in Hebei Province demonstrates that if leadership takes the matter seriously, has strong determination, adopts effective measures to seriously investigate and deal with the new unhealthy practices, and strictly grasps the definition of the policy, it is possible to check and rectify all evil winds and achieve notable results in a fairly short period. The following report can be very instrumental in enhancing people's confidence in checking new unhealthy practices.

The Hebei Provincial CPC Committee and various prefectural and city CPC committees were careful to strengthen education to enhance party spirit among party members while rectifying the unhealthy practices. They upheld the policy of leadership by setting an example for others in investigating and dealing with unhealthy practices. They attached importance to analyzing typical cases and summing up experiences; made distinctions in eight areas in defining the policy; and carried out activities to check thinking, problems, and actions. Their approaches and experience are recommendable and can be borrowed by other localities. We must deepen education to enhance party spirit among party members and we must resolutely rectify all kinds of unhealthy practices. Without rectifying unhealthy practices we cannot obtain tangible results from the education in party spirit. The rectification of unhealthy practices and the education in party spirit are two important links in strengthening the building of party ideology and work style to politically guarantee the smooth progress of reform today. All units, whether they are still undertaking party rectification or have completed the task, shall firmly attend to these two links and produce tangible results. [end of note]

In the last month and more, the Hebei Provincial CPC Committee has made serious efforts to implement the guidelines of the second-stage party rectification conference held by the Central Commission for Guiding Party Rectification. Taking Hebei's reality into consideration, the committee made the enhancement of party spirit among party members and the rectification of new unhealthy practices a major task of the second-stage party rectification units. Notable results have been achieved.

Last November, shortly after the start of the second-stage party rectification work in Hebei Province, the provincial CPC Committee made rectification of new unhealthy practices a top priority and took initial steps to investigate and deal with such practices. After the second-stage party rectification conference of the Central Commission for Guiding Party Rectification, the provincial CPC Committee, now with a clearer and firmer guiding ideology, further emphasized the education in enhancing party spirit among party members and the rectification of new unhealthy practices and took effective measures to seriously rectify them. At present, the evil winds have been basically checked in most units. More than 2,000 of the 3,000 and more enterprises operated by party and government departments and cadres in the province have been closed, while the rest, about 1,000, were separated from the party and government organs and transferred to the relevant units. Most of the public funds and loans used by these enterprises were returned. Indiscriminately distributed bonuses, subsidies, and goods, totaling more than 30 million yuan, have also been returned. By the end of March, more than 3,900 industrial and commercial enterprises had paid taxes on bonus, accounting for 94 percent of the total number of enterprises required to pay bonus tax.



More than 22.5 million yuan in bonus taxes has been turned over to the treasury, representing 79.3 percent of the taxes payable. In addition, 6,900 cases of unauthorized price hikes were cracked and dealt with, and more than 5 million yuan was surrendered to the financial department or refunded to the customers. A total of 470 cases of using public funds for banquets and gifts was also cracked. Promotions and raises made on a crash basis in violation of regulations were invalidated.

The Hebei Provincial CPC Committee holds that there are many causes for the appearance of new unhealthy practices under the new situation, and that a primary cause lies in some party members and some party member-leading cadres whose party spirit is low, who lack a clear understanding of the aims of reforms, and who have forgotten that they should wholeheartedly serve the people. Realizing that unless this issue has been resolved, other unhealthy practices will continue to appear even if the current unhealthy tendencies have been checked. The provincial party committee has urged all party organizations not only to check the new unhealthy practices, but also to make full use of the negative aspects of these new unhealthy practices to educate party members on party spirit, ideals, and sense of discipline so as to fundamentally improve the proficiency of party members. In accordance with their actual situation and in addition to organizing their party members to study documents, various units have also sponsored all kinds of educational activities. These activities include party lessons; party meetings and training classes; lectures and reports on revolutionary traditions by veteran comrades, heroes, and model workers; movies on revolutionary traditions; discussions on specific subjects, and so forth. The activities are to help party members acquire a better understanding of building a Chinese-style socialist society, the decision of the 3d Plenary Session of the 12th CPC Central Committee, and the necessity and importance in heightening party concept in the course of economic construction and reform; reaffirm their communist conviction; foster the idea of serving the people wholeheartedly; adopt an overall point of view; and heighten their sense of organizational discipline.

Leading organs and leading cadres have taken the lead in examining party spirit and checking unhealthy practices. In the course of examining their performance and making comparison, all units engaged in party rectification have generally carried out the activities of "examining their own thinking, problems, and actions" with the aim of heightening party spirit. They have examined whether or not they have reaffirmed the idea of serving the people wholeheartedly, acquired the communist ideals, and heightened their sense of discipline. They have also examined the new unhealthy practices listed in the documents of the party Central Committee, the State Council, and the Central Commission for Guiding Party Rectification and the Central Discipline Inspection Commission; they have seen the types of problems affecting them and their affiliated departments, and what lessons can be learned. Further, they have examined how the circulars issued by the party Central Committee, the State Council, the Central Commission for Guiding Party Rectification, and the Discipline Inspection Commission of the CPC Central Committee have been implemented, what sorts of measures have been adopted, and the results in dealing with problems. The leading bodies of various units which have completed rectifying their party organizations, as well as units which have not yet started the project, have set aside time for holding enlarged or regular meetings for the members of the party committees or party groups to examine their thinking, problems, and actions. Those which failed to realize their own problems have become aware of them; those who adopted a wait-and-see attitude have accelerated their pace in investigating and correcting their mistakes. Those who were resentful have come to realize the subjective cause of their resentment, saying that they should blame nothing but their own low party spirit for their unhealthy practices.

The leading cadres' initiative in investigating and correcting unhealthy practices, and in making criticism and self-criticism have given significant impetus to the rectification of new unhealthy practices.

In the course of carrying out education on party spirit and rectifying unhealthy tendencies, party organizations at all levels have attached great attention to analyzing typical examples and summing up experiences and lessons. For example, by organizing the party members to analyze and discuss the dismissal of 52 people and the expulsion of 36 others from the party -- incidents following the investigation conducted by various prefectural and municipal party committees on 118 typical cases having pernicious influence -- all party organizations have heightened their party members' understanding of the special characteristics, nature, and danger of the new unhealthy tendencies, thus enabling them to draw lessons from these cause with heightened party spirit.

Many comrades have said with deep feeling: The lofty communist ideals are our spiritual pillar that we must never forsake, serving the people wholeheartedly is our party's fundamental objective that we must never forget, and party discipline, which assures victory in reform, must never be slackened. Various prefectures and municipalities have also commended a large number of exemplary party members and cadres who have firmly adhered to the correct course of reform and have consciously resisted unhealthy tendencies.

The Hebei Provincial CPC Committee and all prefectural and municipal party committees have considered expediting and guaranteeing the smooth progress of reforms and serving economic development as the fundamental guiding thinking for carrying out education on party spirit and for rectifying new unhealthy practices. The Shijiazhuang Municipal CPC Committee has pledged to combat new unhealthy tendencies in order to give greater impetus to reforms and further promote the "trial and error type [zhuang ji fan she shi 2326 2345 0646 1410 1709] of economic reform. The Baoding Prefectural and Municipal CPC Committees have persisted in combating unhealthy practices and enlivening the economy. Through combating new unhealthy tendencies, they have expedited the development of commodity production. Leading organs of the prefectural party committee have also improved their leadership and promoted the building of material and spiritual civilizations by operating at the grass-roots units to investigate how the affluent units have become well off, how they can help the poor units become affluent, and how to recruit capable personnel. Similarly, by operating in various countries, the Shijiazhuang Prefectural CPC Committee has helped units deal with problems caused by unclear policies for handling unhealthy practices, thus integrating the three operations; namely, combating unhealthy practices, encouraging honesty, and expediting reform.

To preserve and further arouse party members' enthusiasm in carrying out reform, the provincial party committee has pointed out that, in combating new unhealthy tendencies, attention should be directed to distinguishing the differences in eight respects: 1) mistakes caused by lack of experience in carrying out reform should be differentiated from dishonest practices and seeking personal gains in the name of reform; 2) the setting up of various services to provide jobs to surplus personnel and jobless youths should be differentiated from abusing authority and setting up businesses for personal gains or for the benefit of a small number of people; 3) rendering assistance to one's children or relatives in seeking jobs should be differentiated from encouraging them to engage in speculative businesses; 4) the system of meting out generous awards or heavy penalties meant for promoting reform, enlivening the economy and encouraging working harder to earn more money should be differentiated from breaching financial and economic regulations, and from all types of overt and covert embezzlement of public money; 5) normal expenditures for promoting business deals should be differentiated from spending public funds

on gifts, bribes, and lavish banquets; 6) reasonable compensation for providing technical and consultative services should be differentiated from acting as "behind-the-scenes bosses" reaping handsome bonuses and accepting bribes; 7) profit-oriented purchases and marketing at negotiated prices tolerated by official policies should be differentiated from making illegal profits by raising prices; and 8) long-distance trade for the purpose of enlivening commodity circulation should be differentiated from making windfall profits by buying up and reselling goods in short supply. At present certain policies and regulations aiming at combating unhealthy tendencies are being drafted.

RENMIN RIBAO ON SOCIALIST ECONOMIC SEMINAR

HK071443 Beijing RENMIN RIBAO in Chinese 6 May 85 p 5

[Report by Liang Quiquan and Zheng Yanchao: "Guangdong Forum Discusses Theory on Socialist Commodity Economy"]

[Text] In mid March, the Guangdong Association of Young Social Science Workers held a seminar to discuss some theoretical issues concerning the development of the socialist commodity economy in connection with the new situation in reform and the economic opening.

Along with the in-depth development of the structural economic reforms and the socialist commodity economy in our country, the theory on the socialist commodity economy has become an important branch of economic science. People attending the seminar studied the following 10 areas in the study of socialist commodity economic theory: 1) The conditions for the existence and development of the socialist commodity and the differences and relations between the socialist commodity economy and the capitalist commodity economy. 2) The coordinating mechanisms, movement process, development tendency, and basic movement laws of the socialist commodity economy by using the methods of making static and dynamic, quantitative and qualitative analyses. 3) The laws governing production, accumulation, and consumption and their mutual relations in the socialist commodity economy. 4) Various ways to improve the economic levers in the socialist commodity economy and summing up experience in our country's financial and monetary management so as to promote the reforms of our financial and monetary system and other economic regulatory mechanisms and to provide a sounder theoretical foundation for these reforms. 5) The relationships between the overall management and enterprise dynamism and between the market mechanisms and the planning mechanisms so as to guide the establishment of a scientific planned management system for the socialist commodity economy. 6) The relationship between the socialist commodity economy in China and the world economy and the ways to develop the economy through international competition. 7) The coordinated relationship between macroeconomic and microeconomic results in the socialist commodity economy and the united relationship between use value and value. 8) The forming of technology markets and education markets in the structure of the socialist commodity economy, the conditions for their development, and their characteristics and laws. 9) The new changes in the value relations and economic relations under the influence of scientific and technological progress in the socialist commodity economy. 10) Using such modern research means as cybernetics systems theory, information theory, dissipation [haosan 5088 2414] theory, and coordination [xietong 0588 0681] theory to study the research achievements of Western economists on the commodity economy, and assimilating their scientific things to serve our economic reforms, economic opening, and the development of the socialist commodity economy.



SHAANXI LEADERS DEMAND WORKERS RETURN TO UNITS

HK071532 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 7 May 85

[Summary from poor reception] "On 5 May, leading comrades of the provincial CPC Committee and the provincial government received representatives of the workers on public projects in the Sanmenxia reservoir area and the cadres of some state-run farms who had gone to visit the provincial authorities and demanded that they quickly return to their original units to do well in production and to do work well." Among the leading comrades were Bai Jinian, secretary of the provincial CPC Committee; Li Qingwei, deputy secretary of the provincial CPC Committee and governor; Zhou Yaguang, deputy secretary of the provincial CPC Committee Standing Committee and secretary of the provincial Political and Legal Committee.

The provincial CPC Committee and the provincial government instructed Weinan Prefecture to take effective measures to mobilize at a specified time the fishermen who had blindly returned to urban areas, to go back to their original units to carry out production. "Regarding production and livelihood of the workers in the state-run farms in the reservoir area, the provincial CPC Committee and the provincial government will carry out unified planning with due consideration for all concerned and make rational arrangements." The workers on the farms must firmly believe that no matter how this land will be readjusted in the future, the party and the government will surely take production and the livelihood of the workers into consideration.

"In their speeches, besides examining the problems presented by the workers while they were visiting the upper level, the comrades of the provincial CPC Committee and the provincial government made solemn and just criticism of their incorrect actions. The leading comrades of the provincial authorities pointed out: Under the pretext of [words indistinct], some people promoted the slogan: [Words indistinct] we must return to urban areas. The slogan is completely incorrect. In the 1950's and 1960's, a large number of educated youths in large and medium-sized cities throughout the country went to the border areas to take part in agricultural reclamation and made vigorous achievements toward socialist construction. These people are now saying that they collectively returned [words indistinct]. The CPC Central Committee did not [words indistinct]. No such precedent exists anywhere in the country. [passage indistinct]."

FOOD PRICES IN BEIJING CITY TO RISE 10 MAY

OW081044 Beijing XINHUA in English 1031 GMT 8 May 85

["Beijing Food Prices To Rise" -- XINHUA headline]

[Text] Beijing, May 8 (XINHUA) -- Beijing food shops put up notices at noon today informing customers that prices of meat, poultry, eggs, fish and other non-staple foods will rise from May 10. Residents were informed two days earlier, but the notices did not specify the range of the rises or any specific new prices.

Vice-Mayor Han Boping today assured citizens that increased subsidies would maintain living standards. The city has, he added, ample supplies to cope with rush buying. However, there are long lines to stock up on eggs, pork and fish.

Liu Yanming, manager of the Xidan food market, one of the city's biggest, said all 365 salespeople had been busy for days, and business rose from its daily norm of 40,000 yuan last year to 100,000 yuan yesterday.

The market will close two hours later tonight and stay open till midnight tomorrow, he said.

Over 11,000 price inspectors have been dispatched to patrol major food shops and counters throughout the city to check on unauthorized price hikes. The vice-mayor noted the rises are aimed at regulating the economy and encouraging production by means of the law of value. This is Beijing's sixth price readjustment since late 1978. The previous readjustments did not cause any shock.

JINGJI RIBAO ON PRICE REFORM, STANDARD OF LIVING

HK060341 Beijing JINGJI RIBAO in Chinese 29 Apr 85 p 3

[Article by Zuo Wosheng: "Price Reform and Improvement of the People's Livelihood"]

[Text] Stabilizing Prices Does Not Mean Freezing Prices

In recent years, some people have held that "it is better not to increase wages than to see prices float." Why do they have such an idea? The reason is that they have one-sidedly interpreted stabilizing prices as freezing prices. Thus, they are unable to correctly understand and handle the relation between "stability" and "flexibility." As a matter of fact, prices can only be relatively stable. When we say that prices are "stable," we do not mean that they are fixed at a certain level, nor do we mean that we can rule out the possibility that prices can fluctuate wavelike around a certain axis. If the range of this fluctuation is not wide, we should admit that prices are stable. "Flexibility" refers to the movement of prices in line with the law of value and the relationship between supply and demand. Therefore, we should interpret the relationship between "stability" and "flexibility" of prices in this way: the former is the basis of the latter; prices should be kept flexible while being kept stable; and stability should be achieved by way of flexibility.

Practice shows that the long-term freezing of prices is unfavorable to the development of the economy and improvement of the people's livelihood. First, although all prices may be reasonable at the initial stage when prices are frozen, after a period of time, the situation will change. Some departments and trades may achieve greater progress in technology and use more advanced productive means to increase labor productivity. Thus, their costs will drop and their profits will increase. But some other departments and trades may achieve less progress in technology and less increase in labor productivity. Thus, their production costs will not drop as greatly as those which achieve greater technical progress, and their profits will not be increased so greatly either. Some departments may even double their production costs and gain smaller profits or suffer losses. Then the following changes will take place in the field of production: more and more profitable products will be produced as a result of the continuous increase in production, while those less profitable and unprofitable products and those that incur losses will become fewer and fewer. In the field of consumption and demand, since wages are unchanged, people will not change their demands for various products. Thus, if the production of certain products drops, especially that of those products which are more connected with the people's livelihood, it might happen that some people cannot get the products they need with their money. Under such circumstances, in order to ensure the people's livelihood, the people's government cannot but issue ration coupons. However, this can only ensure the equal distribution of products. It cannot turn the trend of dropping production. For example, in Liaoning, as the price of edible oil was too low and production was insufficient, the situation once appeared that each person had only 3 liang of edible oil a month in the past. The livelihood of the masses was thus seriously affected.

Second, it will not do if wages are frozen for a long time. A young employee may receive 30 or 40 yuan a month. But as time goes by, he becomes older and more skillful. Moreover, he or she must marry and bring up children. There will be more expenses. So, it will be unbelievable if wages are not increased.

It is thus evident that freezing prices and wages does not conform to the interests of the masses. On the contrary, if unreasonable pricing is readjusted in accordance with the law of value so that it can be reasonable most of the time and so that that the enterprises can generally obtain satisfactory income through producing the products needed by society, production will develop harmoniously and circulation will also be promoted. When social production as a whole is increased, the income and standard of living of the masses will both be increased too.

#### Increases in Expenses and Income Subsidies

Prices may rise or fall. If two prices rise and fall respectively by the same margin, the standard of living of the people will not be affected due to the changes in pricing. This shows that changes in the prices of one or several commodities will not necessarily affect the people's standard of living. A factor affecting this standard of living is the general pricing of various consumer goods and services.

This is a factor affecting the people's livelihood. Another important factor is the general income of laborers. Under the condition that general pricing is increased, if the general income is also increased by the same margin, the people's standard of living will not be lowered. In past price reforms, the state once adopted the method of giving wage subsidies to ensure that the people's standard of living was not lowered. For example, when the prices of eight nonstaple foodstuffs were readjusted in 1979, every employee was given 5 yuan a month as a wage subsidy. In future price reforms, the state will also adopt similar measures and carry out wage reform to increase the income of staff and workers.

#### Looking Back and Ahead

Since the 3d Plenary Session of the 11th CPC Central Committee, initial reform has been carried out in the system of pricing, resulting in an increase in prices to a certain extent. However, as production has increased more rapidly than the increase of prices and the state has adopted a series of policies and measures, there has been a marked improvement in the people's livelihood on the basis of increasing production. Following are three main expressions of this:

1. The people's real income has increased. According to a survey of the State Statistical Bureau, in 1983, the actual per capita income of peasant families had increased by 98.4 percent as compared with 1978, after allowing for the rise in the cost of living, and the average per capita living expenses of staff and workers' families in cities and towns had increased by 42.7 percent.
2. The level of consumption has increased. In 1983, the average per capita consumption of grain by urban and rural inhabitants had increased to 464.5 jin from 390.9 jin in 1978; that of edible oil had increased by 153 percent; and that of pork had increased by 61 percent. Apart from the increase in the consumption of foodstuffs, there was an even greater increase in the popularization of consumer goods. According to a calculation based on one in every hundred people, of the former "four major items," the average possession of sewing machines increased by 110 percent, that of wristwatches was up 160 percent, that of bicycles was up 100 percent, and that of radios was up 160 percent.



Of the new "four major items," the possession of washing machines, electric fans, recorders, and refrigerators increased by from several hundred to more than 1,000 percent.

3. The people's savings deposits have increased. While the level of consumption has increased, as a result of the rapid increase in income, savings deposits have also increased by a big margin. Per capita deposits in cities and towns rose from 89.9 yuan in 1978 to 237.2 yuan in 1983, and those in the countryside rose from 7 to 40.8 yuan.

All this shows that over the past few years, although prices have increased during the reform, the people's living standard has also been raised. Anyone can feel this in their daily life. Practice shows that price reform is one of the important conditions, rather than an obstacle, for improving the people's livelihood. It also makes us understand that in China, which is a big country with a large population and a complicated situation, it is not easy to use the lever of pricing well. During price reform, the incomes of most people have increased by varying degrees, but those of some people have not increased or have increased slightly, and their livelihood has been affected. At the same time, as some people have indiscriminately raised prices to cheat consumers, quite a few people still have misgivings about price reform. All this shows that in price reform, it is necessary to take all factors into consideration and to make painstaking efforts. The present situation of reform is very good. There are many favorable conditions. Provided we advance steadily and take appropriate measures, the reform of China's pricing system will surely succeed.

#### ZHOU ENLAI'S UNITED FRONT CONTRIBUTIONS REVIEWED

HK050736 Beijing GUANGMING RIBAO in Chinese 24 Apr 85 p 3

[Article by Tong Xiaopeng: "'The First Model in the United Front Work' -- Reading 'Selected Works of Zhou Enlai on the United Front'"]

[Text] At a national conference on united front work held in January 1982, Comrade Hu Yaobang pointed out: "In summing up the experience of the Chinese revolution, Comrade Mao Zedong put forward the three magic weapons for our party, one of which was the united front. During the period of the Chinese democratic revolution and socialism, it was Comrade Zhou Enlai who made the greatest contribution to the establishment, consolidation, and development of the revolutionary united front led by our party. Comrade Zhou Enlai is worthy of the title of the first model engaged in united front work since the founding of our party." The "Selected Works of Zhou Enlai on the United Front" is a crystallization of wisdom and the rich experiences accumulated by Comrade Zhou Enlai in the decades of united front work by applying the basic tenets of Marxism and Leninism and integrating them with the characteristics of China's society and revolution.

I was fortunate to have the opportunity to work under Comrade Zhou Enlai's direct leadership and to gain enlightenment from his wisdom. Reading the "Selected Works" again today stirs my strong attachment to Comrade Zhou Enlai. The valuable theoretical wealth and fine traditional work style left by Comrade Zhou Enlai to the united front are always worth study by comrades of the entire party.

Zhou Enlai was an outstanding proletarian revolutionary. He firmly believed that the proletariat could emancipate itself only after emancipating the whole of mankind. During the first KMT-CPC cooperation period, Zhou Enlai and many other comrades established close ties with the leftist figures of the KMT, including Liao Zhongkai, Song Qingling, He Xiangning, and Deng Yanda, and made efforts to untie many patriotic instructors and students to launch resolute struggles against the KMT rightists.

On the eve of the anti-Japanese war, Zhou Enlai conducted a great deal of work to establish the anti-Japanese national united front and to mobilize the people of the whole nation against Japanese imperialist aggression.

The CPC Central Committee held a meeting in Wayaobao in December 1935 and decided to establish the anti-Japanese national united front. Zhou Enlai worked hard day and night to realize this. First, a communication line was established between northern Shaanxi and Xian, Shanghai, Beiping, and Tianjin through underground party organizations and various social connections. A secret radio station was set up to keep the CPC Central Committee in contact with the underground party organizations in Tianjin and Shanghai and to transmit the principles and policies of the CPC Central Committee promptly to the areas under KMT rule.

As the anti-Japanese democratic movement grew day by day throughout the country, while resuming diplomatic relations with the Soviet Union, Chiang Kai-shek was forced to find a way to hold secret talks with the CPC. From February 1936, Chen Lifu got in touch with Zhang Zihua (Huang Jun as mentioned in Zhou's letter to Chen Xiaocen), a party member of the underground organization in Shanghai, through Zeng Yangfu and Chen Xiaocen. He sent Zhang Zihua twice to northern Shaanxi to relay his message to the CPC Central Committee. The CPC Central Committee sent Pan Hannian to hold talks with Chen Lifu and Zhang Chong and then instructed Ye Jianying and Wang Feng to follow Pan Hannian in disguise and set off from Baoan to Xian by passing through the northeast Army area. Actually, this was personally arranged by Zhou Enlai.

In carrying out the united front work, Zhou Enlai paid great attention to General Zhang Xueliang and the upper levels of the northeast army. In April 1936, Zhou Enlai personally went to Yanan to hold secret talks with Zhang Xueliang, which played an important role in strengthening mutual understanding and cooperation and in determining the principle of "forcing Chiang to rise in resistance against Japan." In order to force Chiang to fight against Japan, General Zhang Xueliang and Yang Hucheng detained Chiang Kai-shek and initiated the famous "Xian incident." Accompanied by Qin Bangxian and Ye Jianying, Zhou Enlai, plenipotentiary of the CPC, went to Xian to hold negotiations with General Zhang and Yang, and both sides agreed to solve the problem in a peaceful manner. Zhou Enlai also conducted a great deal of meticulous ideological work on the matter. Moreover, by holding negotiations face to face with Song Ziwen, Song Meiling, and Chiang Kai-shek, Zhou Enlai, with the cooperation of Zhang and Yang, compelled Chiang Kai-shek to accept the proposal of "stopping the civil war and uniting the country for resistance against Japan," thus shattering the plot of the Japanese imperialists and pro-Japanese faction in launching a civil war.

Following the peaceful settlement of the "Xian incident," Zhou Enlai, on behalf of the CPC Central Committee, held talks with Gu Zhutong and Zhang Chong in Xian in February 1937. He held face-to-face talks with Chiang Kai-shek in Hangzhou in March, and again in Lushan in June. In the talks, Zhou Enlai adhered to the party's independent principle in regard to the united front. He insisted on the idea that after reorganizing the Red Army into the National Revolutionary Army, it should set up its own headquarters thus crushing the conspiracy of Chiang Kai-shek of "dissolving" the CPC, dismembering the Red Army, and eliminating the Shaanxi-Ningxia-Gansu border region. Following the "7 July incident," Zhou Enlai, accompanied by Qin Bangxian and Lin Boqu, went to Lushan to hold negotiations with Chiang Kai-shek and Shao Lizhi and, despite tortuous struggles, forced the KMT to publicly issue the "Declaration of the CPC on Announcing KMT-CPC Cooperation" on 22 September. Chiang Kai-shek made a speech concerning the issue on the following day. From then on, the second stage of KMT-CPC cooperation was formally begun.

After victory in the anti-Japanese war, China was confronted with the difficult question of two possible destinies and two prospects. Zhou Enlai made unremitting efforts to win the victory of the new democratic revolution and to oppose Chiang Kai-shek's autocratic rule and his attempt to betray the country and launch a civil war. During the KMT-CPC Chongqing negotiations held in October 1945, Zhou Enlai assisted Comrade Mao Zedong in the 43-day long struggle. Consequently, both sides signed the "10 October agreement."

Following the outbreak of a full-scale civil war, Zhou Enlai, Li Wei-han, Deng Yingchao, and others returned to Yanan triumphantly. With Mao Zedong, Ren Bishi, and other comrades, Zhou Enlai organized and directed the nation's liberation wars in northern Shaanxi. Meanwhile, he assumed the post of head of the CPC Central Committee's Urban Work Department and guided the work of the underground party organizations in the KMT occupied areas. As a result, the united front and mass struggles against U.S. imperialism and Chiang Kai-shek's reactionary rule developed vigorously and formed a second front, which coordinated the liberation wars and seized the all-round victory of the revolution. When Zhou Enlai held the leading posts of premier and chairman or vice chairman of the CPPCC or NPC, he always talked about consolidating and developing the people's democratic united front and regarded it as an important issue to unite all the people that could be united and to accomplish the task of socialist revolution and construction. When Zhou Enlai became seriously ill in May 1975, he earnestly instructed the comrades of the United Front Work Department to "carry out democratic consultations" with the non-party patriotic personages. Even on his deathbed, Zhou Enlai was concerned with the return of Taiwan to the motherland and the realization of the third KMT-CPC cooperation. Comrade Zhou Enlai is a brilliant example for conducting united front work. The following are my personal views after studying the "Selected Works":

1. Zhou Enlai was a Marxist with foresight and revolutionary boldness of vision. He realized the importance of the united front work from the high plane of emancipating the whole of mankind. Consequently, he was willing to unite all the people that could be united to work for the interests of the state, nation, and people. While summing up the experiences of the party's work in the KMT occupied areas during the democratic revolution period, he put forward the principle of "studying and working hard and making friends." He regarded making friends with non-party personages as an important task of party members, and uniting and leading the broad masses in advancing as the basic content of the united front work. Both prior to and following the founding of the PRC, he regarded making friends with non-party personages and establishing close ties with the masses as the manifestation of party spirit and a matter related to the mass line and viewpoint. Without exception, all the comrades who met or talked with Comrade Zhou Enlai realized that he treated others as equals with absolute sincerity.

2. Broad-minded and with a firm belief in the communist cause, Zhou Enlai fostered a lofty style and dedicated spirit in working for a just cause. Following the "southern Anhui incident" in 1941, the office of the 8th Route Army and "Zhou's residence" in Zengjiayan were facing a critical situation of being sabotaged by the secret agents at any time. On one hand, Zhou Enlai waged a tit-for-tat struggle against the KMT reactionaries to expose and foil their anti-communist schemes. On the other hand, he personally laid out the measures against possible emergencies, dispersed the working personnel and non-party friends, and conducted education in revolutionary integrity among the cadres who had to hold fast to their posts. As a result, the people were united as one and their morale was raised.



3. Throughout his life, Zhou Enlai adhered to party principles while applying flexible struggle strategies. He was bold and was good at carrying out struggles. In his work, he resolutely implemented the principle of expanding the progressive forces, winning over the intermediate forces, and isolating, disintegrating, and attacking the diehards. He maintained direct or indirect contacts with the leftist KMT leaders Song Qingling and He Xiangning and explained to them the party's principles and policies so that they could enthusiastically coordinate with the party's struggle. With regard to the progressive personages, he used all means to unite them and help them analyze the political situation, understand the party's policies, and play a positive and progressive role. He treated Zhang Zhizhong and Shao Lizi, who were willing to peacefully solve the national problems, as friends and earnestly exchanged views with them. However, he waged resolute struggles against the pro-Japanese anti-communist ringleader He Yingqin. As Zhou Enlai took particular note of winning over the intermediate forces, the united front expanded and we gained more friends.

4. Zhou Enlai was also good at educating party cadres and non-party progressive elements by summing up historical experiences and drawing lessons. In his three reports "On the Relations Between the CPC and the KMT From 1924 to 1926," "On the Sixth Congress of the Party," and "On the United Front," written from 1943 to 1945, Zhou Enlai summed up the experiences and lessons of the first and second KMT-CPC cooperations, systematically expounded the principles and policies adopted by our party, and stressed the necessity of "having a clear understanding of the enemy, our ranks, and the idea of 'the commanding officer.'" He made a penetrating analysis of the party's experiences and lessons on issues and urged the whole party to draw a distinction between the enemy and ourselves, to firmly seize the leadership of the united front, and to prevent the mistakes of the "leftist" and rightist deviations. Comrade Zhou Enlai's overall understanding drawn from historical experiences is still of great guiding significance for our current united front work.

#### GUANGMING RIBAO ON INVIGORATING BIG ENTERPRISES

HK060259 Beijing GUANGMING RIBAO in Chinese 27 Apr 85 p 3

[Article by Huo Xinyi: "Further Understanding of Scale and Invigoration of Big Enterprises"]

[Text] The concept that the bigger, the better, has met with strong challenges both in theory and in practice. At the same time, the "small," which has always been ignored by the people, has shown great vigor.

When production is carried out with little variety but large quantities, large scale means lower cost, higher productivity, more profits, and stronger competitiveness. For a long time, the "interests of scale" have been pursued by the people.

In recent years, production with little variety but large quantities has gradually been replaced by production with greater variety but in smaller quantities. People now have a variety of needs. The rapid development of science and technology and the productive forces has made all these things possible. The new needs and new production methods have pounded away at "bigness" for the first time. The situation has changed. The period for revising knowledge has been shortened. The development of technology has been accelerated. Change has replaced stability.

In a period of great changes, whether an enterprise has a high degree of flexibility and a strong ability to cope with changes will directly affect the existence and development of that enterprise.

Multiple administrative levels, slow decision-making processes and difficulty in changing direction are the weak points of big enterprises. I will call them "inertia of scale." Inertia of scale specifically manifests itself in the following three ways: If the scale is too big and the administrative levels are more than needed, the information reflection channels will be longer so that the organization structure will lack vigor. If the technology and equipment system is too big and the internal chain of equipment is complete and thus "a touch will cause the movement of the whole body," it will be difficult to carry out technological transformation, the renewal of equipment, and the transfer of production so that the enterprise will have no way of coping with changes. If the circumstances are good, the administrative personnel can administer such an enterprise well, but under changing circumstances, the enterprise needs businessmen who have sound judgment and dare to shoulder responsibilities.

Contrary to the inertia of scale of big enterprises, small enterprises have flexibility, just as "a small boat can easily turn around." Small enterprises are brimming with vigor because the various departments of small enterprises can closely cooperate and coordinate among themselves; the leaders can easily acquire the first-hand information, thus making immediate decisions; the enterprise can concentrate on the production of some unique products because of smaller variety. It is also easy for small enterprises to renew equipment to maintain superiority in advanced technology and equipment. Small enterprises can quickly change their production to meet market needs.

Owing to the low standards of science and technology and the productive forces, the current interests of scale will continue to exist for a long time. So, while encouraging the development of small and medium-sized enterprises and the combination of various forms of production, the state should give its strong support to the big enterprises both in policy and in finance in order to create external conditions for the invigoration of big enterprises.

It is necessary to overcome the "inertia of scale" to invigorate big enterprises. Big enterprises can implement the division of labor, break the big down into the small, and enable the big and the medium-sized to contain the small so that the small departments will be able to have more independence, greater power, and shoulder more responsibilities.

The key to invigorating the big enterprises is bringing into full play the strong points. The big enterprises have better qualified personnel, technology, equipment and more funds. So, once the big enterprises are invigorated, they will be able to produce economic results on a grand scale. But the small enterprises will not be able to operate in the same way. So long as the big enterprises can develop their strong points, overcome their weak points, and continue to improve their operation and management, they will certainly radiate even greater vitality.

#### JOINT CIRCULAR ON SOFT DRINK MANUFACTURE ISSUED

OW051223 Beijing Domestic Service in Mandarin 1200 GMT 2 May 85

[Text] The State Bureau of Standardization, the Ministry of Public Health, the State Administration of Industry and Commerce, and four other units recently issued a joint circular urging the various localities to strengthen the supervision and control of soft drinks.

The circular says: The production of soft drinks has developed very fast in recent years, and their quality and variety have continuously increased.

Thanks to strengthened supervision of the manufacturing enterprises and soft drink markets by the various localities, the quality of soft drinks has improved. However, there are still many problems. Some enterprises use simple and crude equipment to manufacture soft drinks, and their refrigeration, laboratory testing, and sanitation equipment are also in poor condition or incomplete. Some enterprises have failed to follow standard formulas in manufacturing soft drinks. They shortcut work or materials, indiscriminately use artificial coloring or sweeteners, or manufacture soft drinks with unclean water. The result is a poor quality product, which seriously endangers the consumers' health.

The circular points out that since soft drinks are consumed by a vast number of people, their impact on public health is enormous. This is the season for soft drinks to begin appearing on the market. The various localities, under the unified leadership of local governments, must coordinate with local bureaus of standardization, public health departments, and other units concerned to exercise joint supervision over the conduct sanitation and quality inspections of soft drinks. Those manufacturers failing to meet sanitation and quality requirements should be ordered to improve their products within a certain limit. Those with inadequate conditions for manufacturing soft drinks should be banned from manufacturing them. All substandard raw materials should be banned from use. Soft drinks that have failed to meet sanitation standards should be prohibited from leaving the plant. Enterprises that do shoddy work, use substandard materials, produce inferior products, or harm the consumers' interests and health should be sternly dealt with.

Department, selling soft drinks must do a good job in maintaining good personal hygiene and equipment and environmental sanitation. Persons or individual shops selling soft drinks must pass physical examinations and must have in their possession sanitation certificates and business licenses.

#### CHEN MUHUA ATTENDS PAINTING EXHIBITION OPENING

OW021050 Beijing XINHUA in English 1030 GMT 2 May 85

[Text] Beijing, May 2 (XINHUA) -- A one-woman show of 100 paintings of women from the novel "A Dream of Red Mansions" by Cao Xueqin (1715-1763) opened here today.

Working mother of two, Dong Keyu spent nearly five years on the series in traditional Chinese style, which critics called the most comprehensive ever by one artist. After leaving middle school, Dong, now 42, painted Chinese opera masks for a sculpture factory. She was then transferred to a traditional Chinese painting workshop in a handicraft factory, and is now a painting worker at the Palace Museum. This experience grounded her in ancient Chinese painting and taught her the basic traditional technique.

"I know nothing about painting," says her husband, "so I could help only by doing most of the housework to give her more time to create." Dong was encouraged and coached by many experts on the monumental novel.

Today's opening was attended by State Councillor Chen Muhua and Chinese People's Political Consultative Conference Vice-Chairpersons Yang Jingren, Liu Lantao and Kang Keqing. The exhibition will move on to Shanghai, Tianjin, Sichuan, Yunnan and Hong Kong.



DENG LIQUN, YANG RUDAI ATTEND SICHUAN FORUM

HK020359 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 1 May 85

[Text] The forum on the compilation of the local chronicles for the series on contemporary China was held in Chengdu from 25 to 30 April. The editors, associate editors, and editorial department directors of the local chronicles of all provinces, municipalities, and autonomous regions attended the forum.

The forum was presided over by Deng Liqun, member of the Secretariat of the CPC Central Committee, director of the Propaganda Department of the CPC Central Committee, and editor of the series on contemporary China. Attending the forum were the principal responsible persons of Sichuan Province and Chengdu City, including Comrades Yang Rudai, Nie Ronggui, Feng Yuanwei, Tan Gilong, Yang Chao, and Wu Xihai.

The forum emphatically discussed the issues of what and how to write the local chronicles for the series on contemporary China. Comrade Deng Liqun delivered an important speech at the forum.

LI PENG OPENS AUTO, MACHINE SHOW IN BEIJING

OW030959 Beijing XINHUA in English 0726 GMT 3 May 85

[Text] Beijing, May 3 (XINHUA) -- Over 260 factories and research and design units staged an exhibition here today of Chinese-made buses, coaches, trucks and special machinery.

Vice-Premier Li Peng cut the silk ribbon to open the 13-day show. On display are 560 products comprising motor vehicles and machinery for road building and maintenance, bridge building and loading and unloading. The highway transport has 1,200 enterprises putting out 20,000 buses, 40,000 trailers and 100 kinds of machinery.

ZHANG TINGFA VISITS NEI MONGGOL MARTYR'S FAMILY

SK070355 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 6 May 85

[Text] Zhang Tingfa, commander of the PLA Air Force, who came to our region recently to inspect the work of a certain Air Force unit visited, despite his tight schedule, (Ma Xiue), a national 8 March Red Banner bearer and wife of a pilot martyr, and her children. Zhang Tingfa said to (Ma Xiue): You have never asked for help from the organization. You are a model of the families of pilots. All the families of the pilots of the Air Firce should learn from you. Zhang Tingfa also asked about the work, study, and daily life of (Ma Xiue's) family. He had a group picture taken with them.

HU YAOBANG SPEECH ON JOURNALISM PUBLISHED

OW261157 Beijing XINHUA Domestic Service in Chinese 0808 GMT 26 Apr 85

[Text] Beijing, 26 Apr (XINHUA) -- Separate editions of Comrade Hu Yaobang's speech "On the Party's Journalistic Work," delivered at a meeting of the Central Secretariat on 8 February 1985, have been published by the People's Publishing House. Beginning tomorrow, they will be successively distributed by Xinhua bookstores throughout the country.

HUANG HUANG ADDRESSES ANHUI PARTY MEETING

OW030901 Hefei Anhui Provincial Service in Mandarin 1100 GMT 30 Apr 85

[Excerpts] The provincial party committee held a provincial meeting of secretaries of prefectural and city party committees from 24 to 28 April, according to ANHUI RIBAO.

Relevant important speeches by leading comrades of the party Central Committee and the State Council were relayed at the meeting. Those present studied the speeches, studied and analyzed the province's economic situation, and exchanged their experience in work, thus further unifying their thinking and understanding.

Attending the meeting were leading comrades of provincial party and government organizations, secretaries of various prefectural and city party committees, commissioners of prefectural administrative offices, city mayors, and responsible comrades of concerned departments, commissions, and bureaus directly under the provincial authority. The responsible person of an inspection team from the Central Commission for Guiding Party Rectification was present. Comrades Huang Huang and Wang Yuzhao addressed the meeting.

In his speech, Comrade Wang Yuzhao analyzed our province's economic situation in the 1st quarter of the year. He said: The current economic situation in our province is very good. Of course, we must continue to keep a clear head and pay close attention to potential unfavorable factors in our economic work. We must grasp the macroeconomic situation as a whole in order to ensure a sustained, stable, and coordinated development of our province's economy.

Comrade Wang Yuzhao expressed his views on several outstanding questions concerning foreign exchange, commodity prices, and finance in the province's economic work at present. Dealing with the question of foreign exchange, Wang Yuzhao said: It is now necessary to take the following measures:

1. A comprehensive examination of the use of foreign exchange should be made, and different cases should be handled in different ways.
2. Vigorous efforts should be made to earn foreign exchange.
3. It is necessary to strengthen preparatory work for the use of foreign exchange. At the same time, a good job should be done in market surveying and forecasting.
4. Coordination and control should be strengthened in the use of foreign exchange.

On the question of finance, Comrade Wang Yuzhao pointed out: All localities should make every possible effort to bring in revenues in order to overfulfill this year's revenue plan. While striving for economic development, party committees and governments at various levels should also make efforts to bring in revenues.

On the development of village and town enterprises in the province, Comrade Wang Yuzhao said: It is necessary to continue to emancipate the mind, to persistently carry out reforms, and to develop collective- and individual-owned enterprises at the same time. Attention should be paid to developing enterprises run by individual households, several households, and villages.

In his concluding speech at the meeting, Comrade Huang Huang pointed out: We must have a comprehensive and correct understanding of the principles laid down by the central authorities for guiding the current reform -- be steadfast, be prudent in fighting the first battle, and be sure to win. In practical terms, this means that we must be steadfast in regard to the general goal and orientation of the reform and that in taking specific actions, steps, and measures for the reform, we must be prudent in fighting the first battle and be sure to win.

Comrade Huang Huang pointed out: Continuous efforts should be made to rectify new unhealthy trends. While doing so, we must not handle new problems, especially problems concerning the immediate interests of the masses, in an oversimplified way. We must investigate and study such problems and handle them according to the relevant policies. We must do such work carefully. As for people who have made mistakes for lack of experience or proper understanding of the relevant policies, we should enlighten them on their mistakes; it should be all right as long as they understand and correct their mistakes. There is no need to investigate them for their personal responsibility, much less to nag them. Special attention should be paid to supporting and protecting the initiative and enterprising spirit of the masses in carrying out reform in order to promote reform and implement the policy of opening to the outside world and invigorating the economy. It is not allowed to use rectification of new unhealthy trends as an excuse to criticize or negate reform.

In his speech, Comrade Huang Huang called on all leading bodies and leading comrades at various levels to heed differing opinion from various quarters, especially those from people at the grass-roots level, workers, peasants, and intellectuals, in order to gain political nourishment from them.

In conclusion, Comrade Huang Huang emphatically pointed out: Leading comrades at various levels should have a practical and effective work style. First, they should to more work and talk less. Second, they should carry out thorough and painstaking study and investigation. Third, they should pay attention to weak links by often visiting remote, mountainous, or disaster areas and relatively backward units. They should study problems in such areas and units and help them solve their problems.

#### HAN PEIXIN SPEAKS AT JIANGSU YOUTH DAY MEETING

OW040839 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 3 May 85

[Excerpt] The Jiangsu Provincial CYL Committee held a 4 May commemoration and commendation meeting in Nanjing's Great Hall of the People this afternoon to commemorate ceremoniously the 66th anniversary of the 4 May Movement. The meeting was attended by responsible comrades of the party, government, and army units of Jiangsu Province and Nanjing Military Region and youth from all walks of life -- 3,000 people in all.

Comrade Han Peixin, secretary of the provincial party committee, spoke at the meeting on behalf of the provincial party committee and provincial government.

#### JIANGSU CPC URGES FURTHER PARTY RECTIFICATION

OW031305 Nanjing XINHUA RIBAO in Chinese 22 Apr 85 p 1

[Dispatch by Zhu Tongguang]

[Text] The Party Rectification Office of the Jiangsu provincial party committee recently held a meeting of responsible persons of party rectification offices of various city party committees, listened to briefings by various localities on their second-stage party rectification work, and further studied ways to implement instructions on second-stage party rectification issued by the Central Commission for Guiding Party Rectification.



The meeting first affirmed achievements of various cities in the preceding phase of party rectification. Then it emphatically gave the following opinions on how to guide the current party rectification work to a greater depth:

1. It is necessary to further clarify the guiding principle that party rectification must be closely integrated with reform and serve reform and economic development. It is necessary to stress the education in party spirit and party discipline and ensure completion of all four basic tasks for party rectification.
2. It is necessary to continue to correct new unhealthy tendencies and, at the same time, pay attention to rectification and correction in other respects. In order to correct new unhealthy tendencies, we should be resolute and pay great attention to understanding the policies. While we should deal sternly with those party members and cadres who committed serious mistakes of engaging in new unhealthy practices, we should also pay attention to redeeming and educating the majority of them. We should resolutely stop and correct unhealthy tendencies. At the same time, we should also cherish and protect enthusiasm for reform and consolidate and enhance the excellent situation of reform, opening to the outside world, and economic invigoration.
3. We should on the whole do all work well in the study phase and make a good transition from this phase to the phase of comparison and examination. We should follow the basic demands set for second-stage party rectification by the Central Commission for Guiding Party Rectification. We should strive to achieve the three major indicators established by the Central Commission for Guiding Party Rectification to prevent perfunctoriness in the study phase. We should work in accordance with the six specific requirements set by the provincial party committee. We should not shift to the comparison and examination phase until all those demands and requirements are met.
4. Comparison and examination should be conducted according to high-quality standards after the views between the higher and lower levels are basically unified, problems are accurately located, and a democratic atmosphere of criticism and self-criticism is created. Comparison and examination work of leading bodies should particularly be done well. Leading cadres, especially the No 1 and No 2 leaders, should set good examples in comparison and examination. They should find out completely the major problems in the course of examination and take action to rectify and correct.
5. Greater efforts should be made to observe, understand, readjust, and build the leading bodies. Importance should particularly be attached to discovering and training talented persons and to strengthen the building of the third echelon. The work of sorting out the "three types of persons" should be firmly carried out in accordance with the principles, emphases, and policies set by the Central Committee.

The meeting called on party organizations at all levels to further strengthen their leadership over party rectification work, prevent deconcentration of efforts and the phenomenon of working hard at the beginning and becoming slack toward the end, and attach great importance to the ideological and political work in the course of the party rectification to ensure that party rectification will proceed in greater depth.

#### CHEN GUODONG UNVEILS SHANGHAI MARTYRS STATUE

OW051345 Shanghai City Service in Mandarin 0100 GMT 5 May 85

[Excerpt] Yesterday morning, a solemn unveiling ceremony for a large statue of group martyrs "Let us Dance for the Loyal Soul" -- built with funds contributed by millions of youth and children in Shanghai -- was held at the Shanghai Cemetery of Revolutionary Martyrs.

Chen Guodong, first secretary of the Shanghai municipal party committee, unveiled the group statue to the strains of the inspiring revolutionary song "The Fresh May Flower." A wisp of white smoke rose into the air, and a heavy crimson curtain was slowly lowered. A large statue of group martyrs 10.5 meters high stood there majestically. The bottom of the statue depicts figures of seven martyrs signifying struggle, strength, and victory. Fairies depicted at the top of the statue give the impression of dancing in the vast sky for the martyrs' loyal souls.

ZHEJIANG'S WANG FANG ON LITERARY, ART WORK

OW060032 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 4 May 85

[Text] Wang Fang, secretary of the provincial party committee, stressed at the provincial conference of cultural bureau directors at its closing session today that literary and art workers' efforts will be of no avail unless their feelings are closely associated with the people's aspirations as well as the great cause of our times.

After reviewing the fruitful achievements on the cultural front over the past few years, Comrade Wang Fang pointed out: Some literary and art works today display little taste, and some performances are vulgar. This is primarily because they are devoid of the spirit of the times and are disassociated from the aspirations of the people. It is hoped that literary and art workers will take root among the people and carry out their responsibilities in two respects: First, reflect the great cause of China's rejuvenation, unite the people, and encourage them to work hard and aim high to accomplish the four socialist modernizations. Second, they should shoulder the responsibility of educating the people, particularly young people, and help them keep away from the influence of decadent capitalist ideas.

Comrade Wang Fang urged literary and art workers to continue to study, understand, and implement the party's major policies toward literary and art workers, adhere to the guidelines for their work, consolidate and develop the gratifying situation on the literary and art front, and open a new situation for literary and art works.

On restructuring the literary and art establishment, Comrade Wang Fang pointed out that a new, rational balance and coordination should be reached according to the law of literature and art, and that all sectors within literary and art circles should be well-coordinated so that literary and art workers' enthusiasm can be aroused, the productive force of socialist literature and art developed, and a Chinese-style socialist literature and art created.

During the meeting, the provincial Cultural Department announced the decision to commend playwrights (Gu Xidong), (Yu Nandao), (Huang Guangchun), (Tian Fang), (Yang Zongbiao) and the Little White Flower Theatrical Troupe for their significant contributions to enlivening Zhejiang's Shaoxing opera. Secretary Wang Fang then presented awards to the prize winners.

GUIZHOU CONGRESS LEADERS SUBMIT RESIGNATIONS

HK040210 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 3 May 85

[Text] After discussion, the Third Session of the Sixth Guizhou Provincial People's Congress has agreed to accept the resignations of People's Congress Standing Committee Chairman Wu Shi; Vice Chairmen Wu Su, Zeng Xianhui, Ye Gulin, and Hou Guoxiang; and members (Wang Gengzheng), (Zhang Fengquan), (Ye Tongxin), (Kang Jian), and (Lu Ming). The session salutes these 10 veteran comrades' contributions over a long period of revolutionary struggle and socialist construction and their effective work in the provincial People's Congress Standing Committee.

The session has decided to elect a replacement chairman, two replacement vice chairmen, and four replacement members of the provincial People's Congress Standing Committee. It will also elect two provincial vice governors. This is being done to fill the committee and government vacancies and because of the requirements of work.

URGENT MEETING HELD ON FIGHTING GUIZHOU DROUGHT

HK040522 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 2 May 85

[Excerpts] On 1 May, the Guiyang City CPC Committee and government held an urgent mobilization meeting on fighting drought and carrying out spring sowing in rural areas. It was demanded that rural cadres and masses in the city and relevant departments take immediate action, take Central Document No 1 and achieving the target of getting rich by increasing income on a 100 yuan basis as their motivation, firmly grasp the work of fighting droughts, and carry out thorough sowing and transplanting so as to ensure a bumper harvest in this year's agricultural production.

The little rainfall in Guiyang this year has directly hampered spring sowing. To fulfill this year's spring sowing task in quantity and quality, the city CPC Committee and government held this urgent mobilization meeting especially to set concrete demands for spring farming work in the city.

1. Leaders at all levels must deepen their understanding, give specific guidance, and take effective measures to promptly discover and solve the new problems and cases that may arise in this year's spring farming work.
2. It is necessary to establish and uphold the idea of fighting droughts to reap bumper harvests and to properly sow and raise rice seedlings.
3. It is necessary to strengthen the management of water conservancy installations.
4. All departments concerned must properly provide various services centered closely on spring farming work.

YANG RUDAI ATTENDS SICHUAN CPPCC SESSION OPENING

HK050257 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 5 May 85

[Excerpts] The Third Session of the Fifth Sichuan Provincial CPPCC solemnly opened in Jinjiang Hall, Chengdu, on 4 May. Provincial CPPCC Chairman Yang Chao was present on the rostrum.



Also present were responsible comrades of the provincial CPC Committee Yang Rudai, Yang Xizong, Nie Ronggui, Feng Yuanwei, Bai Shangwu, Song Dafan, Huang Qizhao, and Xie Shijie; responsible comrades of the provincial Advisory Commission Tan Qilong, Li Zhongyi, Li Linzhi, Hu Yongchang, and (Han Zhengfu); responsible comrades of the provincial People's Congress Du Xinyuan, Qin Chuanhou, Peng Dixian, Ji Chunguang, Meng Donbo, Liu Yunbo, Liu Haiquan, Liu Xilin, and Zhaxi Zeren; and responsible comrades of the provincial government Jiang Minkuan, Gu Jinchu, Luo Tongda, Qiao Zhimin, and Guan Xuesi.

#### Discuss Replacing Officials

HK060843 Chengdu Sichuan Provincial Service in Mandarin 0031 GMT 6 May 85

[Text] On 5 May the Sichuan Provincial CPC Committee invited all democratic parties at the provincial level, all people's organizations, and personages of various circles to conduct democratic consultations and strictly put forward the proposed namelists for electing replacement chairman, vice chairmen, and members of the Sixth Sichuan Provincial People's Congress Standing Committee; governor and vice governors of the provincial government; and chairman and vice chairmen of the Fifth Sichuan Provincial CPPCC Committee and its Standing Committee members. The proposed namelists will be submitted respectively to the Presidium of the Third Session of the Sixth Sichuan Provincial People's Congress and the Fifth Sichuan Provincial CPPCC Committee Standing Committee.

The meeting was presided over by Yang Rudai, secretary of the Sichuan Provincial CPC Committee. Nie Ronggui, deputy secretary of the provincial CPC Committee, gave explanations of the problems of replacement. The participants in the meeting conducted consultations on the namelists for electing replacements and unanimously adopted the joint written proposal to be submitted to Presidium of the third session of the sixth provincial People's Congress and the fifth provincial CPPCC Committee Standing Committee.

#### YANG RUDAI URGES MAINTAINING FINE SICHUAN REFORM

HK030207 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 3 May 85

[Text] According to SICHUAN RIBAO, at the conclusion of the fourth training course organized by the provincial CPC Committee Propaganda Department and the CPC Committee of provincial organs for leading cadres to study the decision of the CPC Central Committee on reform of the economic structure, provincial CPC Committee Secretary Yang Rudai made a speech on how to maintain the excellent situation in economic reform and develop it in a sustained and steady way.

Comrade Yang Rudai held: The current task is to maintain the excellent situation in economic reform and develop it in a sustained and steady way. To fulfill this task, first we must study the new situations and solve the new problems. Second, we must correctly understand and handle the relationship between curbing malpractices and carrying out reform. Third, we must conduct education for party members and cadres in strengthening party spirit and in having ideals and discipline and serving the people wholeheartedly. The focal issue in second-stage party rectification is to solve the problem of party spirit among party members. First-stage party rectification units must also make up for this missed lesson.

Fourth, we must have the spirit of seeking the facts. In building material and spiritual civilization, we must proceed from reality in everything, seek truth from facts, avoid formalism and superficial work methods, and still more avoid making false reports and exaggerations.

SICHUAN NOTICE PROTECTS INDIVIDUAL ENTREPRENEURS

HK040346 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 4 May 85

[Text] The provincial government issued a notice on 2 May on protecting the legitimate rights of individual industry and commerce entrepreneurs in urban and rural areas. The contents of the notice are as follows:

1. The legitimate property and income of these entrepreneurs are protected by state law, and no unit or individual is permitted to infringe on them.
2. No unit or individual is permitted to seize and occupy locations and sites approved for use by these individual entrepreneurs.
3. These entrepreneurs engage in legitimate production operations in accordance with state law and policy provisions. No unit or individual is permitted to interfere or create difficulties for them.
4. These entrepreneurs pay taxes according to state and provincial government regulations. No unit or individual is permitted to expand the scope of tax levies, raise the taxation rate, expand the scope of fees and charges, arbitrarily impose extra charges, or raise their levels. If they do, the individual entrepreneurs have the right to refuse to pay and to sue.
5. Regarding the sources of goods and raw materials needed by the individual entrepreneurs, the departments concerned should afford convenience according to the state regulations, and also strictly implement the state price policies. It is not permitted to hike prices arbitrarily or do so in a disguised way. Procurement prices for products of the individual entrepreneurs may not be arbitrarily depressed.
6. No unit or individual is permitted to blackmail or extort from individual entrepreneurs, or deal blows at and abuse them.
7. The individual entrepreneurs must observe the state laws and policies and engage in licensed business. Their business licenses will be under the control of the industrial and commercial administrative organs. No other organ, unit, or individual is permitted to revoke or transfer these licenses.
8. Violations of the legitimate rights of individual entrepreneurs will be dealt with by the departments concerned by criticism and education, administrative disciplinary action, or economic sanctions, according to the seriousness of the case. Judicial organs will deal with criminal violations and punish them according to law.

SICHUAN PEOPLE'S CONGRESS SESSION OPENS 6 MAY

HK070143 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 7 May 85

[Excerpts] The Third Session of the Sixth Sichuan Provincial People's Congress solemnly opened in the Jinjiang Hall, Chengdu, on 6 May. Present at the opening ceremony were responsible comrades of the provincial CPC Committee, the provincial Advisory Commission, Chengdu Military Region, and the provincial government and CPPCC Yang Rudai, Tan Qilong, Wang Chenghan, Wan Haifeng, Yang Xizong, Nie Ronggui, Feng Yuanwei, Jiang Minkuan, Yang Wanxuan, Yang Chao, He Haoju, Wu Xihai, Bai Shangwu, Huang Qichao, and Xie Shijie; Xu Mengxia and Zhang Lixing, members of the Central Discipline Inspection Commission; and Vice Governors and advisers to the provincial government Gu Jinchí, Luo Tongda, Kang Zhenhuang, Qian Zhimin, and Guan Xuesi. Executive Chairman Du Xinyuan presided at the opening ceremony.

Governor Yang Xizong delivered a government work report. The 15,000-character report was in three parts. In the first part, he summed up the major achievements in national economic construction in the province in 1984. In the second part, he proposed the main tasks for the province this year in reform of the economic structure, focused on the cities, and economic construction. In part three, he outlined the basic demands in the reform of science, technology, culture, and education, and dwelt on issues of accelerating the cultivation of talent and implementing the policies on intellectuals.

Governor Yang Xizong proposed the following tasks for reform of the economic structure, focused on the cities: 1) Further streamline the administration and delegate powers, and invigorate the large and medium enterprises. 2) Give free rein to developing urban and rural collective enterprises and tertiary industry, to enliven the urban and rural economy. 3) Under the guidance of the state plans, expand regulation by market mechanism and speed up readjustment of the rural production structure. 4) Continue to enliven finances and speed up commodity circulation. 5) Adhere to the principle of opening up to the world and actively develop economic and technological cooperation with other provinces and foreign countries. 6) Do a good job in reforming prices and wages, and harmonize economic relationships.

At the opening ceremony, Jiang Minkuan, vice governor and director of the provincial Planning and Economic Commission, delivered a report on the draft 1985 plan for economic and social development in the province. Duan Bingren, director of the provincial Finance Department, gave a report on the final accounts for 1984 and the draft budget for 1985.

Also present at the ceremony were the participants in the third session of the fifth provincial CPPCC, and other members of the provincial government. Panel discussions were held in the afternoon on the reports of Yang Xizong, Jiang Minkuan, and Duan Bingren.

#### CHENGDU MILITARY REGION COMMANDER REVIEWS TROOPS

HK030234 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 2 May 85

[Text] Army flags fluttered on the north drill ground in the large courtyard of the Chengdu Military Region yesterday morning. Dressed in their new military uniforms, approximately 1,000 male and female commanders and fighters from various subordinate units of the military region and from the Chengdu Army School took part in the May Day parade. Leading Comrades, including Wang Chenghan, commander of the military region, and Wang Haifeng, political commissar, reviewed the troops.



TAIWAN DEVELOPS FIRST GROUND-TO-AIR MISSILE

OWO71151 Taipei CNA in English 0946 GMT 7 May 85

[Text] Taipei, May 7 (CNA) -- The Republic of China has successfully developed its first ground-to-air missile and is in the process of developing two other types of missiles, the Legislative Yuan was told Monday. Liu Shu-hsi, deputy director of the Chungshan Institute of Science, said a successful test-firing of the "Sky Arrow No 1" was successfully conducted March 20. Similar to the U.S.-made "Patriot" missile, the "Sky Arrow No 1" is designed to bring down enemy planes flying at medium and low altitudes. It will replace the U.S.-made Hawk" missiles which have been in serve here for over a decade, Liu said.

"Sky Arrow No 2," designed to knock down high-altitude aircraft, is scheduled to undergo test-firing in December 1988. It will replace the U.S.-made Nike-Hercules missiles.

Liu said the institute is also developing an air-to-air missile with the target set in December 1986. Similar to the U.S.-made AIM-9L missile, the still-unnamed missile is an all-directional short-range weapon.

Liu reported the institute has also succeeded in producing the second-generation surface-to-surface "Hsiung Feng" missile with an accuracy of 99.5 percent.

The lion's portion of the institute's fiscal 1986 budget of over NT dollar 17 billion (U.S. dollar 425 million) will be used to develop and improve missiles, he added. Additionally, Liu said, the institute recently completed making the Garret 1042 turbo fan engine with imported technology. Meanwhile, a weapons systems center will be inaugurated under the Chungcheng College of Science and Engineering on July 1. Lieutenant General Lu Pao-sun, dean of the college, said the new center will comprise of four sections specializing in weapons engineering, firing and guidance, weapons simulation and logistics. He said the center's teaching and research activities will be so directed as to support the R/D activities of the Chungshan Institute of Science.

TAIWAN SETS UP WEAPONRY SYSTEMS RESEARCH CENTER

OWO70635 Taipei LIEN HO PAO in Chinese 29 Apr 85 p 2

[Text] In order to pave the way for the independent development of national defense science and technology, the Chungshan Science Institute has set up a research unit, the "Hsinhsin Center," with a view to pooling manpower to conduct basic leading research related to weaponry systems of the future. In the past, development of weaponry systems was often delayed because advanced countries were unwilling to sell or we were unable to manufacture in time some critical systems or high-precision parts or components. A review of the situation showed that the main cause was our insufficient basic leading research.

Fully aware of the importance of the basic research of advanced national defense science and technology, the Chungshan Science Institute several years ago began planning for a research center capable of forward looking research. This center was set up several months ago with approval.

It is understood that the "Hsinhsin Center" will undertake wide-ranging research which embraces research of all advanced technologies related to weaponry systems of the future.

## Further on Center

OW080539 Taipei CNA in English 0328 GMT 8 May 85

[Text] Taipei, May 7 (CNA) -- The first weaponry system center in the Republic of China will be set up in the Chung Cheng Institute of Technology in July with the aims of training more technicians in the defense industry and developing new weapons. Lt. General Lu Pao-sun, commandant of the Chung Cheng Institute, told reporters in a briefing Monday that the Ministry of National Defense has decided to use the center as an incubator for the training of more hi-tech personnel in the defense industry.

The plan to establish such a center has been approved by the Defense Ministry, and the first 5-year development project will formally begin in July, Lu said.

The four sections in this center will be responsible for the research and development of various traditional weapons and advanced missiles, Lu indicated. Lu said that the faculty of this center will come mainly from the Chung Cheng Institute. If necessary, the center may also ask for the assistance from the Chungshan Institute for Scientific Research and other universities and colleges in this nation, he said.

Cadets who graduate from this center will be assigned to various units in the Armed Forces as well as the combined service forces to take charge of the research and development of new weapons, Lu said. The establishment of this center is expected to produce profound influence on the nation's defense industry in the long run, he added.

RADIO COMMENTARY ON ADB MEMBERSHIP ISSUE

OW080620 Taipei International Service in English 0200 GMT 7 May 85

[Station commentary]

[Text] Once again the Republic of China has succeeded in defending its membership in the Asian Development Bank [ADB], thanks to the bank's charter and the support of some friendly countries. In an apparent effort to enter the regional bank at the expense of the ROC, the Peking regime resorted to confusion tactics. A statement issued by the regime's Foreign Ministry claimed that Peking has reached an understanding in principle with the ADB that it will be admitted to the bank as the sole representative of China, while the ROC will retain its seat under the altered designation of Taiwan, China.

ADB President Maseo Fujioka immediately poured cold water on the Chinese Communists' claim by saying that no such agreement had been reached yet. But it does not mean that Red China will give up its efforts to oust the ROC from the bank as the precondition for its own admission. Peking can be counted on to renew the efforts again and again until its objective is reached. In the past, Peking demanded the expulsion of the ROC while applying for membership. Their recent statement that the ROC will also remain in the bank under a new name seems to suggest a retreat. Actually, it represents a tactical move because Peking is aware that the ROC will not agree to a change of its official designation in order to remain in the bank.

Fujioka said at a press conference that three points underline the membership issue: Red China is eligible for entry, the ROC is a founding member of the bank, and many of the bank's members recognize Peking as the sole government of China. The ADB president is known to be in favor of Peking's admission, and he did not tell the whole story. The truth is that the ROC has the much more stronger case. Besides the fact that the ROC is a founding member of ADB, the bank's charter says that no nation shall be expelled unless it withdraws voluntarily.

The ADB Charter does not include any clause that requires any of its member countries to change its name so that a new member may be admitted. As to the China representation issue, the ROC's contribution to the bank was assessed according to the area presently under its control. So, there is no political factor involved in the membership issue.

Furthermore, the ROC has faithfully carried out all its obligations and has become a donor nation for over a decade. So, for practical reasons, the bank would be out of its mind to expel a member state that contributes funds and experience to other developing countries in favor of a new member that is expected to borrow heavily from it. Last but not least, the ROC does not object to the admission of new members to the bank. All it demands is that it keeps its rightful seat under its own name. Nobody can find fault with that.

HEARING ON HENRY LIU MURDER SET FOR 10 MAY

OW070409 Taipei CNA in English 0304 GMT 7 May 85

[Text] Taipei, May 6 (CNA) -- The Taiwan High Court will hold a trial session on May 10 to hear testimonies from the two civilian defendants in the Henry Liu case.

The two defendants, Chen Chi-li, 41, a ring leader of the criminal syndicate known as the Bamboo Union, and Wu Tun, 35, are appealing against the life imprisonment sentences handed down by the Taipei District Court. Three former military intelligence officers who have been implicated in the case, are expected to appear before the high court to testify against Chen and Wu. The three officers have also been convicted by military tribunal last month. The three are Vice Adm. Wong Hsi-ling, director of the Defense Ministry's Intelligence Bureau; Maj. Gen. Hu Yi-min, deputy director of the Military Intelligence Bureau; and Col. Chen Hu-men, a deputy chief of one of the bureau's departments.

A three-judge panel led by Chief Judge Huang Ching-jui will preside over the High Court session. Pai Ching-jui, a movie director, will also be summoned to the witness stand.



CHENG MING ON CPC PEOPLE GOVERNING HONG KONG

HK060954 Hong Kong CHENG MING in Chinese No 91, 1 May 85 p 3

[Editorial: "It Is Inevitable That Party People Will Govern Hong Kong"]

[Text] A small current struck Hong Kong's cold political stratum. This current was a voice from Beijing concerning the CPC's recruitment of party members in Hong Kong. It seems that this current also touched the nerves of the director of XINHUA's Hong Kong branch. On 18 April, when asked by some reporters why "XINHUA (Hong Kong branch) wants to set up an office in Hong Kong," Xu Jiatun answered that "our work requires us to do so." Immediately afterward he changed the topic of conversation and said: "I would like to say something of common interest, that is, something about the recruitment of party members. I have read some newspapers and know that Hong Kong residents are worried about 'party people governing Hong Kong' ... The CPC's policy toward Hong Kong is quite explicit, so it is unnecessary to have any misgivings. So long as the CPC's policy remains unchanged, Hong Kong will be governed by Hong Kong people and not by party people." (Hong Kong WEN WEI PO, 19 April) Why did Xu Jiatun hasten to change the topic of conversation? It seemed that he was aware that the problem of recruiting party members and setting up a XINHUA office in Hong Kong would once again cause the disease of being afraid of "the CPC governing Hong Kong." Indeed, the political sensitivity of the revered Mr Xu is not weak.

Xu Jiatun's remarks are practical to a certain extent. It is right to say that "Hong Kong people are afraid of 'party people governing Hong Kong.'" Uttering such remarks needs a certain amount of courage, as this is admitting that Hong Kong people are not well disposed toward and do not have confidence in the Communist Party. When Xu Jiatun said that "so long as the CPC's policy remains unchanged, Hong Kong will be governed by Hong Kong people and not by party people," he probably intended to indicate that the CPC's policy toward Hong Kong would not change, but this would make Hong Kong people think. If the CPC's policy changes, will Hong Kong not be governed by party people?

In fact, Hong Kong will inevitably be governed by party people after 1997 no matter whether the CPC's policy "changes" or not.

First, Hong Kong is not an independent country but a special administrative region of China. Naturally, this region will be more "special" than the Shenzhen Special Economic Zone. Nevertheless, it will still be under the jurisdiction of the central government. The only difference is that the central government will administer Shenzhen more than Hong Kong. In other words, the supreme governor will be a Beijing person, a party person, or more exactly, the Communist Party.

Second, no matter how many middle-of-the-roads take part in the Hong Kong government after 1997 or whether there will be Communist Party members in the government, it can be expected that the Communist Party will control the government and exercise its "leadership" through pro-communists, open and secret Communist Party members, and "leftists" in the garb of middle-of-the-roads. United front political power cannot be divorced from "party leadership." Who is willing to have a united front? Who will realize the united front? Is it not the Communist Party?

Third, the CPC has time and again claimed that those Hong Kong people who will govern Hong Kong must meet the conditions of being patriotic and of loving Hong Kong. What is being patriotic? In the final analysis, it is loving the party. This is the most important criterion of the Communist Party. Except for pragmatic uses, the Communist Party will not regard as patriots those who make contributions to the interests of the people but hold a critical view of communism. In the eyes of the Communist Party, are those who love the country and Hong Kong best -- who are most resolutely in favor of maintaining Hong Kong's prosperity and stability -- not those sent by the Communist Party and nonimported Communist Party members?

Fourth, the Communist Party looks at all people with a "class viewpoint." Under "class analysis," it will know (although sometimes it makes mistakes) who will not become turncoats working for Taiwan or Western countries, who will remain most "obedient to the party," who will not act "contrary" to the party's instructions, who will firmly believe that Hong Kong will enter the "socialist" paradise, and who will devote themselves to this "great aspiration." After much calculation, proletarians are those who are up to standards, of course. And the Communist Party and its members are the representatives of the proletariat and are most reliable in politics.

Therefore, seen from the "macroscopic" or "microscopic" angle, it is certain that party people or party people in disguise will govern Hong Kong after 1997, or in other words, Hong Kong will be governed by Hong Kong people under the control of party people. The party is the Buddha from whose palm the money sun [refers to the monkey king in the Chinese novel "A Journey to the West"] can never escape.

The most important problem now is not whether party people will govern Hong Kong but whether this party and its members will really work for the happiness of the people. If the Communist Party does not place itself above the state and the people and if the Communist Party and its members and cadres keep the people and their cause in mind and regard themselves as civil servants rather than rulers, such a party and its members are not frightening. Not only are they not frightening, they will be welcomed by Hong Kong people who will sincerely cooperate with them (instead of "licking their boots" for personal gain) in building a new capitalist Hong Kong more beautiful than the pre-1997 Hong Kong. But can the Communist Party transform itself into such a party? The Communist Party has undergone one stage of "rectification" after another over the past years, but when it can hardly find time to "tidy" its "face," evil tendencies have arisen more fiercely. How can Hong Kong people be blamed for turning "pale" at the mention of the party?

We firmly adhere to this viewpoint: To rectify party style, the Communist Party must do a great deal of work in various fields. There are two measures demanding prompt implementation: First, party members should be placed under state law rather than merely under party discipline (giving inner-party punishments to party members who commit serious mistakes is actually conniving at their crimes); and second, party members should be placed under the supervision of public opinion rather than making public opinion a tool of praising the party (including its members). For this reason, the CPC must establish a perfect legal system and allow the people to enjoy a high degree of democracy -- including the freedom of literary creation, the freedom of academic discussion, and the freedom of the press. Do the CPC leaders not think so?

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